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ESTABLISHED 1887



Bengals Win Super Bowl Berth, 21-10

Quarterback Boomer Esiason of the Cincinnati Bengals, left, being sacked by Bruce Smith of the Buffalo Bills during the American Football Conference championship game on Sunday. Page 15.

Moscow's Pledge on Weapons

It Vows to Begin Destruction of Its Chemical Arms

By Joseph Fitchett
International Herald Tribune

PARIS — The Soviet Union will begin unilaterally destroying its stockpile of chemical weapons this year without waiting for a treaty eliminating such arms, Foreign Minister Eduard A. Shevardnadze said Sunday.

Secretary of State George P. Shultz, pointing out that the United States "already is proceeding with a program" of destroying its older chemical arms, said his country would continue manufacturing new chemical weapons "until we see a change of course" or a treaty outlawing them.

Both men spoke in Paris during an international conference on banning chemical arms. The 143-nation meeting ends Wednesday.

U.S. experts said the Soviet Union built up a major superiority in chemical weapons between 1969 and 1987 when it continued to manufacture them while the United States halted production.

Mr. Shevardnadze's speech, if it promised only limited immediate military impact, appeared to reinforce belief in Kremlin readiness to reduce Soviet armed strength. Following President Mikhail S. Gorbachev's pledge in December of unilateral cuts in troops and tanks, it seemed certain to fuel calls for faster Western movement in arms-control negotiations.

An aide to Mr. Shultz said that the Shevardnadze speech amounted to "playing catch-up ball" with the United States both in streamlining chemical weapons stocks and in advocating verification and other proposals originated by the Reagan administration for negotiations in Geneva on eliminating chemical weapons.

"The Soviets will start by destroying chemical arms that are leaking or don't fit their launchers anymore," the U.S. official said, "but for a long time they will have plenty of modern chemical arms."

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Edward A. Shevardnadze addressing the conference Sunday.

22 Feared Dead In Crash of U.K. Jet by Highway

Compiled by Our Staff From Dispatches

LONDON — At least 22 people were killed as an airliner carrying 125 crash-landed beside a highway Sunday night as it approached an airport in central England, police said.

The plane was approaching for an emergency landing.

A BBC reporter on the scene said "a lot of people had survived."

The Civil Aviation Authority said the Boeing 737-400 jet, belonging to British Midland Airways, was en route from London's Heathrow Airport to Belfast when it reported engine trouble.

The British Midland chairman, Michael Bishop, said the pilot reported "severe vibrations in one of the engines" and asked for clearance for an emergency landing at East Midlands Airport, about 110 miles (170 kilometers) northwest of London.

"He undershot the runway," Mr. Bishop said.

Ann Noonan, a Civil Aviation Authority spokeswoman, said survivors were being removed from the plane.

Mr. Bishop said there were 117 passengers and eight crew aboard the plane.

He said the plane was new and had been delivered only 12 weeks ago.

An Automobile Association spokesman said it appeared that no cars were involved in the crash.

The BBC said the plane appeared to have broken into three pieces as it crashed.

Thirty ambulances were reportedly on the scene, along with 15 fire engines.

British Midland serves Belfast twice each hour throughout the day from Heathrow on what has become a busy and lucrative domestic route for British airlines.

Noel Newstead of the Civil Aviation Authority said the pilot had requested permission to make an emergency landing at East Midlands Airport before crashing at 8:25 P.M.

"An engine or engines caught fire," he said. He said the pilot headed for the East Midlands Airport but crash-landed near the M1 highway.

The crash occurred two and a half weeks after Britain's worst air disaster, which killed 270 people when a Pan American World Airways jumbo jet, blown apart by a bomb, disintegrated in a fireball over the Scottish border town of Lockerbie.

An international investigation is under way to identify the bombers in the Dec. 21 tragedy.

(AP, UPI, Reuters)

Market Set for Dollar to Rally

By Carl Gewirtz
International Herald Tribune

PARIS — Currency market professionals overwhelmingly predict that the dollar will continue to strengthen in coming weeks.

Barring a startling unfavorable economic development in the United States, foreign exchange specialists said they foresee a relatively clear path for the dollar to climb.

They said the gains could put the dollar back up 40 percent, 1.50 Deutsche marks, possibly slightly more than 2 DM, and at about 133 yen before it reverses and falls back later in the year.

Combined but tepid intervention by the U.S. and West German monetary authorities failed to stop

the dollar's strong advance in the foreign exchange markets Friday. The dollar closed in New York at a two-and-a-half-month high of 1.8170 DM and 126.775 yen.

Between these rates and the potential high specialists are talking about are some major roadblocks, what in the jargon are called important resistance levels.

But stripping away the caveats professionals use to hedge their forecasts, the experts said they believed the widening gap of interest rates in favor of the dollar — nearly 4 percentage points higher than comparable DM rates and almost 5 points higher than yen rates — would act as a magnet, pulling foreign money into the United States.

The bandwagon is expected to get an additional push this week because of the death of Emperor Hirohito. Although financial markets in Tokyo will be open Monday, trading in Japan will be subdued, analysts said.

Japanese experts said it would be indiscreet to comment publicly on how the death might affect markets. But speaking privately, one executive said that in groping to find an appropriate way to express the national grief traders would be at their desks but would not be trying to push the market.

Analysts predicted that some Japanese investors who had been uncertain about which way the dollar would go would now be buying.

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U.S. to Give Bonn More Data on Plant

By James M. Markham
New York Times Service

PARIS — Secretary of State George P. Shultz has announced steps to convince West Germany that Germans helped build a Libyan plant that the United States says is intended to produce chemical weapons.

Mr. Shultz and the West German foreign minister, Hans-Dietrich Genscher, disclosed that the Reagan administration would give Bonn further information about the reported participation of West German companies in the construction of a Libyan chemical weapons plant.

Seeking to calm a bitter feud, the foreign minister disclosed Saturday

that a West German team of experts would go to Washington this week for what German officials said was "new information" promised by Mr. Shultz.

A senior American official said the German team would be given a full briefing on the plant, possibly including details not previously disclosed.

The West German chancellor, Helmut Kohl, told a radio interviewer he had assured the United States when he learned of the allegations that if necessary he would step up export controls on arms-related equipment and technology.

"And it does seem to me to be necessary," he said.

Mr. Kohl said it was unacceptable that West Germans should take part in activities that could endanger peace. "I would be the first, and our American friends know this, to react with all the powers at the state's disposal," he said. "But only when individual allegations are proven."

An American official said that up to now Bonn had been shown no raw intelligence data. Another official said that the German experts' trip had been scheduled for some time, but that Mr. Genscher, to deflect criticism of West Germany, chose to make it public Saturday.

Although a formal West German investigation has cleared Imhausen-Chemie of making illegal exports to Libya, the Washington experts' meeting effectively extended the investigation of the German concern, which Mr. Kohl was first told about on a visit to Washington in mid-November.

"We will do everything in our power to prevent German nationals, citizens of the Federal Republic of Germany, and German companies from cooperating in a foreign country in the production of chemical weapons," Mr. Genscher told reporters after his 45-minute meeting with Mr. Shultz.

Mr. Shultz expressed confidence that Bonn was "absolutely no time for any involvement by Germany, by Germans, by German firms in chemical weapons."

"And," he continued, "they have told us in Washington, and the foreign minister has affirmed, here again today, that if they should find that there is a need for adjustment in the legal framework, so that they can control this, they will do so."

Repercussions in Bonn

Meanwhile, Robert McCarthy of The Washington Post reported from Bonn:

The West German cabinet will consider proposals Tuesday to increase penalties for illegal arms exports and to bolster enforcement powers following U.S. allegations

See BONN, Page 5

U.S. Can't Justify Strike On Plant Yet, Aides Say

By David B. Ottaway
Washington Post Service

WASHINGTON — The "prevailing view" within the Reagan administration is that there is not yet sufficient legal or other justification for the United States to take military action against the alleged chemical weapons facility in Libya, according to administration sources.

But the administration, by making a determined effort to end Western assistance to the project through diplomatic means, is laying part of the legal justification for any possible U.S. strike against the plant, these sources said.

A senior official said that the United States probably would have to have "definite proof" that the Libyan chemical plant "was used and used against American interests" to justify, under international law, a military attack against it.

But, the official added, military action might be justified exceptionally before any attack on U.S. interests if there was intelligence that Libya or a Libyan-connected terrorist group was planning such an attack.

A senior administration official said, "The prevailing view is that there is not now enough Libyan action on chemical weapons to justify armed intervention against Libya."

[The Libyan foreign minister, Jaldah Azzou Tali, said Sunday that his country did not possess the know-how to produce chemical weapons and had no plans to do so, Reuters reported from New York. But Mr. Tali refused to rule out the possibility that Libya might make such weapons in the future, telling an interviewer on CBS television that if it decided to do so, "You will never know."

[Ali Treiki, the Libyan UN representative, said in an ABC television interview that Tripoli would allow a UN-sponsored inspection of the plant if the United Nations also called for an inspection of chemical factories in other countries.

[Mr. Treiki said that an inspection of the Libyan plant alone would be "discriminatory," but that Tripoli was ready to cooperate

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Klosk

Soviets Arrest 12 in Armenia

MOSCOW (NYT) — Authorities in the Armenian capital of Yerevan have arrested 12 protest leaders in the latest crackdown on nationalist dissent in the republic, a resident of the city said Sunday night. Rafael Popoyan, a literary critic, said those arrested Saturday included four members of the Karabakh Committee, an 11-member group that has campaigned to incorporate the Nagorno-Karabakh Autonomous Region into Armenia.

MONDAY Q&A



Jacques-Yves Cousteau has begun a campaign to deter commercial exploitation of the Antarctic. Page 2.

General News

Pentagon officials expect soon to announce steps against companies involved in the procurement case. Page 3.

Investigators are focusing on the possibility that a coalition of terrorists was involved in the Pan Am bombing. Page 2.

New State Department appointees are long in government experience. Page 3.

Business/Finance

An international consortium is poised to make a takeover bid for General Electric Co. of Britain. Page 11.

Personal Investing

For collectors, an accurate appraisal is often hard to come by. Pages 7-9.

Japan Opens 'Achieving Peace' Era

By Patrick L. Smith
International Herald Tribune

TOKYO — Japan passed quietly into a new phase in its history over the weekend as Crown Prince Akihito assumed the Chrysanthemum Throne, becoming the 125th emperor.

In the first of many ceremonies that are to extend over the next two years, Akihito assumed the throne in a private ritual involving the transfer of the imperial symbols — a jewel, a sword and a mirror — from father to son.

The death of Emperor Hirohito at age 87 early Saturday was received throughout this country of 122 million citizens with sobriety and subdued emotion.

The government declared a "suggested" period of mourning of six days for its officials and two days for the private sector. Businesses and financial markets, most of which closed Saturday, will open again Monday.

Keizo Obuchi, the chief cabinet secretary, announced that the new imperial era would be named "Heisei," or "Achieving Peace." Sunday thus marked the end of the 62-year era of Showa, or "Enlightenment and Harmony," as Hirohito's reign was known.

In a special session of the Diet, the government formed a committee to oversee arrangements related to the emperor's funeral, with Prime Minister Noboru Takeshita as its chairman.

Hirohito's funeral was scheduled Feb. 24, providing for the customary period of 45 to 50 days between a monarch's death and his burial. Until then Hirohito's body will remain in the palace in Tokyo.

Prime Minister Takeshita and members of the royal family rushed to the Imperial Palace before dawn Saturday as Hirohito's vacillating condition declined for the last time. The Imperial Household Agency, which manages the royal family's affairs, later acknowledged that the monarch had been suffering from intestinal cancer.

There were few instances of unrestrained grief among the tens of thousands of Japanese who recorded their condolences at the gates of the Imperial Palace. Neither was there immediate evidence of activity by rightist nationalists, who support a larger role for the monarchy.

See JAPAN, Page 5



Japanese children and adults lining up Sunday at the Imperial Palace in Tokyo to sign condolence books after the death of the emperor.

January Sales in Britain: Media Event and National Sport

By Mary Blume
International Herald Tribune

LONDON — Each country has its way of getting through the January blizzards. The French eat an Epiphany cake, the delicious galette des rois. The English stand in line.

The January sales are as British as Christmas pudding (reduced now by 20 percent and as edible next Christmas as last). Store windows are papered over with the magic word Sale! Sale! Sale! and throughout the land people form obedient queues, which the British do better than anyone, to buy greatly reduced, sometimes imperfect, and often unwanted goods.

"We always say need doesn't come into it," says the public relations consultant at Harvey Nichols in London. "It's not a matter of need but of want."

Selfridges usually offers one or two amazing public reductions to attract all-night queues whose vigil is sweetened by free coffee and a jazz band. Harrods, being grander, doesn't approve of such blaziness

and opened last Wednesday with a simple ceremony featuring the actor Tony Curtis with 10 dancing girls and a countdown led by the store's chairman, Mohamed al-Fayed. Promptly at 9 A.M., all 11 of Harrods doors swung open.

On opening day there were 300,000 at Harrods (an ordinary day brings in 50,000), closely followed by press and TV crews doing what are called vox pops — interviews with the man in the street, or in this case the shopper in the aisle. In no other country is waiting in line a media event.

On Day One at Harrods 850 ladies' winter coats were sold (wise shoppers stave off chills and buy coats at the sales), and 8,500 pairs of panties, an average of 25 pairs a minute. More than 15 tons of rubbish was removed by the store's compactor, 5,000 shop assistants (1,000 of them hired for the sales) operated 700 tills (300 of them stalled for the sales), and the store says it took in a record-breaking £7 million (al-

most \$12.5 million), up £1 million from last year.

The store doctor and six full-time nurses, supplemented by a first aid team, walked around with glucose tablets for the staff.

For most people the sales are less a scream than a rite: The point is not so much what you buy but simply to buy.

and any customers who needed them. The man at the lost-and-found desk was overwhelmed: "Fast as they buy it, they lose it," he sighed. The quietest place was the pet department, closed to spare stress, a sign said.

While throughout the country people are snapping up bargains, business pages in

newspapers are running articles on record falls in personal savings, on mortgage hikes, and the credit squeeze caused by higher interest rates.

The thought that sales bargains may be offset by more expensive credit terms to pay for them does not enter the buyer's mind — yet.

The terrific savings are there and so are the risks. A BBC producer who once bought a reduced price suit whose jacket and trousers didn't match took the precaution at Harrods of opening a package of socks, marked fairly but a bargain at five pence for £10. The fault was that one pair had one blue sock and one gray.

Sales were originally intended as a sort of general housecleaning before bringing in new items. Increasingly, stores are buying items especially for the sales, holding smaller sales outside the traditional January and June events, and counting on sales to bring in higher percentage of total revenue.

Harrods, which sends charge account customers a full-color sale catalogue before Christmas and whose store buyers purchase discounted items for offer during the sales, takes in about 27 percent of its total revenue during the January and June sales.

If Harrods sees the sales as a chance to attract new charge account customers, to promote the store and to increase volume by stocking special purchases, Richard Maney, managing director of Harvey Nichols, prefers the traditional view of sales.

Maney, a New Yorker who came to Harvey Nichols from Lord and Taylor in July and still occasionally consults an English-American dictionary, says he hopes the American trend of having year-round sales events to increase volume will not spread to Britain. "All American retailers wish they didn't have to spend so much time thinking about sales events and could

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Cousteau Fears Antarctic Exploitation

Jacques-Yves Cousteau, the ocean explorer and newly elected member of the Académie Française has begun a campaign to prevent commercial exploitation of the Antarctic. In an interview with Barry James of the International Herald Tribune, he explained why he is using the weight of the Paris-based Cousteau Foundation in the matter.

Q. Why are you preoccupied with the future of the Antarctic?

A. I'm worried because the Antarctic Treaty runs out in 1991. The signatories agreed in Wellington, New Zealand, last June to open up the continent to mineral exploitation. That's stupefying, even if in order to protect the environment they have written in a number of conditions that exploiters must observe.

Q. You are saying these conditions do not go far enough?

A. That's not the point. I don't think they will be observed at all. Miners are miners the world over. To think they are going to put on gloves and clean shoes before going to work in the Antarctic is just wishful thinking.

Q. You filmed in the Antarctic 15 years ago. Have things got worse since then?

A. Yes, to a certain extent. Although the continent itself is protected, the waters around it have been exploited for krill, for seals and recently, by the Russians, for killer whales. The scientific community can be criticized for carelessly allowing pollution to accumulate over the years, although I don't think this has caused serious degradation yet.

Mineral exploitation would be one hundred times worse.

Q. In what way?

A. There would be pollution, of course. There would be oil leaks, too, because the climate is so rough that it would be extremely difficult to protect installations against disasters.

MONDAY Q&A

Life in the Antarctic is so fragile that an oil spill would have a devastating effect on flora and fauna. Mining or drilling for oil would also be accompanied by a release of dust that would settle on the surface of the ice and, by reducing its reflective effect, would cause it to melt. It would lead to the rapid death of the Antarctic.

Q. What consequences would this have?

A. Melting of the ice would contribute to a rise of the level of the oceans. This would be doubly serious because the warming of the climate is already a fact. We are in a period of natural anti-glaciation, to which is coupled the greenhouse effect caused by the burning of fossil fuels. By contributing to the rise in ocean levels, the price of trying to exploit this difficult, fragile and storm-swept continent would be very high for humankind.

Q. Is it necessary to go to the Antarctic to find minerals?

A. I don't think so. But some people look for profits wherever they can find them. I cannot see why we need to go outside our normal sources of raw materials. Furthermore, we have to think of those developing countries which rely on exporting these products as their only means of survival.

Q. How do you intend to campaign against the exploitation of the Antarctic?

A. If four or five [of the 15 countries] that signed the Antarctic Treaty refuse to ratify the Wellington Convention it will not go into effect; otherwise the convention will become operational by the end of 1989. I hope that by alerting public opinion, we can put influence on leaders and make them understand it is not in the general interest to ratify it. There is a role for ordinary people in this, and we are going to concentrate our campaign in those countries where their voice counts, and which we think are most inclined to listen to sense.

Q. What should be done when the Antarctic Treaty runs out?

A. The continent should be turned into a global reserve or park for the future benefit of humankind.

Q. The international accord on protecting the ozone layer went into effect at the beginning of this month. Isn't this an indication the world is starting to take environmental questions more seriously?

A. I am not quite sure that the ozone problem is that important. I cannot get moved by it so long as other problems of far greater magnitude are not taken care of.

Q. Such as?

A. Population growth. We are adding the equivalent of a China every 10 years. This is the primary source of environmental damage.

Q. But there seems to be growing awareness of environmental problems. Isn't that encouraging?

A. It is encouraging because at long last there is recognition of the things we have been saying for years, but discouraging because these things were not recognized earlier. We could have avoided a lot of damage.



GREENPEACE CLASHES WITH THE FRENCH — French construction workers dragging away Greenpeace environmental activists, who had blocked work on an airstrip at Dumont d'Urville, Adèle Coast, in Antarctica. A Greenpeace spokesman asserted that 15 persons had been injured, none seriously, in the "melee." Greenpeace says that the airstrip threatens the local penguins.

Pam Am Inquiry Focuses on Possible Terrorist Coalition

By Roberto Suro

New York Times Service

ROME — The bombing of Pan Am Flight 103 does not bear the trademark of any one terrorist group, and so investigators are speculating that it was carried out either by a new coalition of terrorists or by a radical group demonstrating previously unknown capabilities.

Among the individuals under greatest suspicion are a master bomb maker not known to have practiced his craft for almost two years and a terrorist field commander, held responsible for many operations and presumed dead only a few months ago.

Investigators are examining Palestinian factions long opposed to Yasser Arafat, chairman of the Palestine Liberation Organization, along with some that were once assumed loyal to him.

A major issue for investigators is to determine how the shifting politics of the Middle East has changed the face of terrorism, particularly in the aftermath of Mr. Arafat's announced decision to seek a negotiated peace on the basis of recognition of Israel.

One hypothesis is that Mr. Arafat has lost control of elements known to have sophisticated bomb-making capabilities.

Government investigators and terrorism experts described the Dec. 21 explosion over Scotland that killed at least 270 people as a series of mysteries, but they said that a few shapes were beginning to emerge from the shadows.

Investigators said they hoped for a breakthrough within days, when laboratory examination of the wreckage determines the kind of plastic explosive used in the bomb. The more difficult task will be to identify the bomb's trigger and detonating mechanism. These findings should narrow the range of suspects.

As the analysis of evidence proceeds, specialists are trying to determine which groups had the means, motive and opportunity to carry out the operation, the American official said. So far, the information points in several directions.

The Pan American World Airways investigation has focused renewed attention on Samir Kadar, whom anti-terrorism specialists consider to be one of the world's most mysterious and efficient killers.

Mr. Kadar rose through the ranks of Abu Nidal's Fatah Revolutionary Council to become commander of a terrorist network in Europe that struck frequently when Mr. Arafat pursued diplomatic moderation, as he did in the weeks immediately preceding the Pan Am bombing.

Mr. Kadar's fingerprints were found in the wreckage of an automobile that blew up July 11, killing at least two men. The explosion took place in Athens on the same day a terrorist squad attacked an excursion ship in the Saronic Gulf.

But Greek officials said that after extensive forensic analysis they have not matched any of the mangled body parts to Mr. Kadar.

Bombing, however, is not Mr. Kadar's specialty.

If Abu Nidal had the motive but not the means to blow up the jumbo jet, then the group known as May 15 had the bombs but seemingly lacked the motive.

According to a State Department report last October, the long list of May 15 operations includes the bombing of American airlines in 1982 and 1986. The report also said that May 15 was loyal to Mr. Arafat.

It would seem contradictory for Mr. Arafat to order a terrorist operation so soon after winning respectability.

But terrorist operatives loyal to Mr. Arafat have reportedly bowed from his rank when the PLO chairman followed peaceful paths.

Investigators speculate about the possible decision to an anti-Arafat group by a May 15 commander known by the code

name of Abu Ibrahim. He is considered to be the most accomplished bomb maker in the terrorist underground.

American and Italian officials believe he created what appears to be the only bomb found unexploded that would have been capable of breaking a jumbo jet into pieces. According to Italian court records, two men, who later confessed they worked for May 15, were arrested in Rome on Oct. 15, 1985, shortly after arriving on a flight from Damascus.

Each of them was carrying a hard plastic suitcase with more than seven pounds of an odorless plastic explosive carefully molded and painted so that it was virtually indistinguishable from the suitcase walls.

No trace of Abu Ibrahim's work has been seen since the bombing of a Trans World Air Airlines flight to Athens in April 1986 that killed four people.

The investigation of the Pan Am bombing may test a relatively new approach to terrorist crimes that looks for collaboration between nations, groups and even individuals.

Terrorist attacks as diverse as the 1983 bombing of the U.S. Marine barracks in Beirut and the 1986 assault on an Istanbul synagogue are now described by some American officials as collaborative ventures.

One Palestinian group that maintains a variety of terrorist alliances is the Popular Front for the Liberation of Palestine-General Command led by Ahmed Yehia, a former Syrian military officer.

The Jibril group, according to experts, is funded and equipped by Libya, enjoys Syrian protection, has good relations with pro-Iranian Lebanese groups, and has worked with Abu Nidal before. It has also frequently taken aim at Mr. Arafat's efforts at moderation. The group bombed airplanes in Europe in 1970 and 1972, but had not been known to conduct operations outside of the Mideast in recent years.

But two months before the Pan Am bombing, the West German police rounded up 14 members of the group along with an arms cache, including a small bomb designed for use on an airplane.

The bomb was concealed in a small radio and contained about half a pound of plastic explosive, not nearly enough to bring down a jumbo jet. A sophisticated trigger passed first through a barometric pressure device and then a clock.

An American official said Mr. Jibril's organization remained an important suspect because "if they could rig a small bomb that way, we have to assume they could have set up a big bomb differently."

WORLD BRIEFS

ETA, Seeking Talks, Declares Truce

MADRID (Reuters) — The Basque guerrilla organization ETA unilaterally declared a two-week halt in attacks on Sunday to press for negotiations with the government, but the initial reaction from Madrid was cool.

ETA, which has killed more than 600 people in its 21-year-long campaign for an independent Basque state, said it had ordered a truce beginning at midnight Saturday, "as proof of the goodwill and sincerity of its offer to negotiate." The government has ruled out talks unless ETA calls a permanent halt to attacks, and has said that it will not negotiate the political demands of the group.

Prime Minister Felipe Gonzalez called the truce declaration a "positive factor." But he noted that attacks were continuing. On Sunday, two bomb explosions wrecked showrooms for French cars in the northern town of Logroño, and the office of the provincial governor said the attacks bore the hallmarks of ETA, the Basque-language acronym for Basque Homeland and Liberty. ETA has bombed French businesses in Spain to protest a crackdown in France on Basque exiles.

Arias Asks Delay of Regional Summit

MANAGUA (NYT) — President Oscar Arias Sanchez of Costa Rica has asked that a summit meeting of Central American presidents scheduled for Jan. 15-16 be postponed. Mr. Arias said Friday that prospects for a successful meeting might improve after the inauguration of President-elect George Bush, and suggested the meeting be rescheduled for February.

Mr. Arias has been under increasing criticism from those in Washington and in Central America who believe his regional peace plan is not working. Signed by five Central American presidents in August 1987, the plan was designed to end conflicts and encourage democracy in the region.

In Nicaragua, Sandinista leaders condemned delaying the summit meeting. President Daniel Ortega Saavedra said it was a "great irony" that Mr. Arias was "practically killing" a plan of his own devising. He said Central American leaders should not depend on policies set in Washington.

16 Are Killed in Philippine Clash

ZAMBOANGA, Philippines (Reuters) — Troops have recaptured a Philippine military camp from Muslim gunmen after a two-day battle that left 16 dead, including a general who was shot after being taken hostage.

Officials said that Brigadier General Eduardo Batalla, commander of the regional paramilitary constabulary, and his chief of staff, Colonel Romeo Abendaño, were shot after being taken hostage by a group of dismissed soldiers and police who seized the camp at Zamboanga, on Mindanao Island, on Thursday.

The takeover was triggered by an army order for the arrest of Rizal Ali, the leader of the gunmen, on a murder charge and suspicion of his group's involvement in other crimes. Originally fewer than a dozen, the group swelled to about 40 as sympathetic Muslim soldiers joined them.

For the Record

Foreign Minister Eduard A. Shevardnadze of the Soviet Union will visit China in February to help prepare for a summit meeting, the Tass news agency said on Sunday. (Reuters)

President Ronald Reagan returned to the White House on Sunday after undergoing minor surgery on his left finger for a condition involving a thickening of the tissue. (UPI)

Daril Alves de Silva, a suspect in the Dec. 22 murder of Francisco Mendes Filho, a Brazilian ecologist, has turned himself in, Brazilian police said Sunday. (AP)

TRAVEL UPDATE

Leo Tindemans, the Belgian foreign affairs minister, said Sunday that Zaire's refusal to let a scheduled weekend flight of the national airline Sabena land in Kinshasa was a "serious" incident in the increasing rift between Belgium and its former colony. (AP)

Traffic in northern India was halted Sunday at railway stations and airports because of a power outage, United News of India reported. An estimated 50 million people in the region spent the evening without electricity. (AP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Panama, Venezuela.
TUESDAY: Nepal.
WEDNESDAY: Albania, Puerto Rico.
THURSDAY: Tanzania.
FRIDAY: Tonga.
SATURDAY: Sri Lanka.
SUNDAY: Japan.

Source: Morgan Guaranty Trust Co., Reuters.

Bomb Scare: U.S. Crew Quits Plane

United Press International

NEWARK, New Jersey — All seven attendants on a United Airlines flight from Newark to Los Angeles walked off the plane last week because they feared it was the target of a terrorist bombing, forcing the airline to cancel the flight, officials said.

The attendants on United Airlines Flight 49, scheduled to leave Newark at 8:45 P.M. Tuesday for Los Angeles, were briefed by members of the cockpit crew on a bomb threat received by the U.S. Embassy in Oslo, according to Cindy Yeats, a spokeswoman for the Association of Flight Attendants.

The attendants were told the embassy received a threat against an unidentified U.S. airline on a Jan. 3 Newark to Los Angeles flight, Ms. Yeats said Friday.

Flight 49 was the last of several daily United flights from Newark to Los Angeles and only one other carrier had a flight scheduled to leave Newark for Los Angeles that night, an airline spokesman said. Citing the Dec. 21 bombing of Pan Am Flight 103 over Lockerbie, Scotland, that killed all 259 aboard, Ms. Yeats said she believed the crew felt "overwhelmed" at the risk.

Sounding Unusually Beleaguered, Gorbachev Defends Restructuring

By Bill Keller

New York Times Service

MOSCOW — President Mikhail S. Gorbachev, sounding unusually beleaguered and defensive, has lashed out at critics and supporters alike for losing faith in his economic program and has hinted more strongly that his initiatives have encountered high-level resistance.

In a speech to leaders of the Communist Party, the press and academia, Mr. Gorbachev said Sunday that severe shortages of food and consumer goods now preoccupying the country reflected not a failure of his program but a legacy of the past — especially decades of huge budget deficits that were hidden from the public.

He called for sharp cuts in government spending, including reductions in the military budget and subsidies to inefficient industries.

"The question is so acute that we will have to look at our spending on defense," Mr. Gorbachev said. "Preliminary studies show that we can cut it without lowering the level of security and the country's ability to defend itself."

Throughout his remarks, reported Saturday night by the press agency Tass, Mr. Gorbachev alluded

to resistance from political forces at or near the top of power.

He said that opponents had tried at two major junctures last year to delay his plan to remake the political system. The opponents, whom he did not name, first tried to postpone the national party conference where the proposals were endorsed, Mr. Gorbachev said, and then tried to delay a legislative session that adopted them into law.

While the Soviet leader did not, at least in the published version of his remarks, identify any opponents by name or position, any debate over the timing of these meetings would have taken place in the Central Committee of the Communist Party.

Mr. Gorbachev added that some critics had attributed outbreaks of nationalist disorder to his calls for greater democracy, and had called for a return to the authoritarian methods of Stalin.

"Some people are increasingly nostalgic for the good old days," he said. "Conversations are heard that the country needs a firm hand."

Such sentiments are displayed not only in the realm of emotions and feelings, but are taking on a certain

philosophical and even political outline.

"Some propose to use the sad experience of 1937," he added, referring to the year of Stalin's great purges. This, he said, is "unacceptable."

"There is no basis for casting doubt on our course, the course of renewing society," he said. "There is no basis for pessimism, despondency, let alone panic."

Mr. Gorbachev said that disappointments had led to open criticism of the Communist Party, and to doubts about whether the leadership knew what it was doing.

"I would like to react to another rather widespread expectation that I think is mistaken," he said. "I have in mind the assertion of some comrades that we are allegedly conducting perestroika in the country without having worked out a program, without knowing where we are headed and what we want."

But Mr. Gorbachev said that the directions of his program for perestroika, or economic restructuring, were mapped out in more than 100 studies by various specialists before he came to power.

2 Dissidents UN Will Rely on Trust To Verify Angola Exit By Shanghai

By Daniel Southerland

Washington Post Service

BEIJING — Police in Shanghai have arrested three members of a New York-based organization that China considers subversive. The police ordered the expulsion from the country of two members of the disident group on Sunday but detained the third, a Chinese student.

It was the second move in less than a month to curb the Chinese Alliance for Democracy, which lobbies for democracy in China from its base in the United States.

All official newspaper reported recently that police in Chongqing broke up a five-member local unit of the alliance about three weeks ago. The five were accused of "trying to recruit members and of 'going to incite disturbances and create turmoil.'"

Because a Chinese student was detained Saturday, the Shanghai case could have implications for the thousands of Chinese studying in the United States, many of them reluctant to return to China.

The New China News Service identified the detained student as Tang Kuang-chung, Mr. Tang, 40, reached by phone in Shanghai two days previously, said he was from Nanjing and currently is a graduate student in chemistry at Utah State University. He seemed to be aware that he was incurring risks by returning to China with a foreign passport and in association with the alliance.

Wang Bingzhang, a former alliance president, said by phone from New York that the three men wanted to be present at the release from prison in Shanghai of Yang Wei, a student arrested two years ago during a crackdown on pro-democracy demonstrators in China.

■ Race Stories Criticized

Nicholas D. Kristof of The New York Times reported earlier from Beijing:

China has criticized what it describes as fabrications in foreign news reports about recent racial incidents in several Chinese cities.

Although Chinese officials often express dissatisfaction with aspects of foreign reporting, the comments were unusually harsh and apparently reflected the government's sensitivity to reports of racism.

Most major newspapers in China carried an article Saturday attacking several reports on Voice of America radio about racial tensions in the eastern city of Nanjing as "purely fictitious" and "sheer nonsense."

The reports concerned purported restrictions on African students' Chinese girlfriends and the reported torture of African students by police.

Namibian Says South Africa Trains Rebels

New York Times Service

LUANDA, Angola — A South-West African opposition leader has asserted that South Africa is creating a rebel South-West African group similar to groups it has aided in the past in Mozambique and Angola.

The opposition leader, Andimba Toivo ya Toivo, secretary-general of the South-West Africa People's organization, or SWAPO, asserted that South Africa was forming the group as insurance against a SWAPO electoral victory in November.

The organization has been fighting since 1966 against South African control of the territory of South-West Africa, also known as Namibia. It is widely favored in the elections, called under a pact signed last month providing for South-West African independence and the withdrawal of Cuban troops from Angola.

Interviewed at the SWAPO exile headquarters Friday, Mr. Toivo asserted that South Africa was training two groups of several hundred South-West Africans, one in the Koeval region of northwestern Namibia, the other in Jamba, Angola.

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invites friends to a funeral service at St. Joseph's Church, 30 Ave. Hoche, 75008 Paris, on Thurs. Jan. 12th at 10:30 a.m.

Pentagon To Take In Contr...

North Face Tough Fuz Experts Say

Pentagon Aides Expect To Take Punitive Steps In Contracting Scandal

By John H. Cushman Jr.
New York Times Service

WASHINGTON — Pentagon lawyers, spending the weekend sorting through new disclosures in the investigation of military contracting, say they expect soon to announce steps against companies, consultants and government officials involved in the case.

Pentagon officials said information arising from the indictments and guilty pleas announced Friday — the first in the case — along with other disclosures have given the Defense Department far more knowledge on which to act.

Officials said the steps to be taken are likely to include:

- Disciplinary actions against some government employees.

- Reviews of tainted contracts to see whether they should be rescinded.

- Moves to prohibit companies charged with wrongdoing from doing business with the government, either temporarily or permanently.

- Submitting to government auditors the details of cases involving consultants so that their work for contractors can be scrutinized.

The leading prosecutor, U.S. Attorney Henry Hudson of Virginia, said his office planned "a great deal of additional activity" in the coming months.

Until now, the Pentagon has had only sketchy information. But the steady release by courts around the country of affidavits that have been kept under seal, along with the start of indictments and the cooperation of witnesses and companies that have pleaded guilty, will make more information available.

Although the charges announced Friday typified the kind of allegations that are under investigation, they did not involve some of the biggest companies and highest-ranking government officials mentioned in the case. In this sense, the scope of the case remains far from being fully understood.

The investigation has uncovered several separate rings of questionable dealings in which consultants, some of them former government employees, bought and sold confidential information to give contractors an edge in bidding, according to court papers made public so far. In some cases, the papers say,

government employees may have been paid for information.

As the case moves ahead, the Defense Department will go beyond the broad measures it has already adopted, such as imposing new regulations on contractors and their consultants, and will zero in on those who are accused of wrongdoing in the case.

Prohibiting a company from doing business with the government, either permanently or temporarily, are the normal steps the Pentagon takes against companies suspected of wrongdoing.

These actions, which can impose great hardship on companies that do business with the government, are not meant as punishment but are taken to protect the government's interests as a customer.

Companies may be suspended before there is legal proof of wrongdoing, or even before an indictment. Action has been taken against some companies in the procurement investigation on the basis of legal documents describing the suspicions of investigators about the actions of the companies.

The Pentagon may choose to suspend an entire corporation, one of its operating units or even individual employees. In order to suspend a company, the Pentagon must refer its case to a special board for a hearing where the company can defend itself.

The Pentagon and the company may also negotiate remedies to be taken by the company that would lead to lifting the suspensions.

Among those likely to be affected by the Pentagon's steps are Tele-dyne Inc. and Hazeltine Corp.

A Tele-dyne unit was indicted Friday, while Hazeltine pleaded guilty to fraud charges in Alexandria, Virginia, the jurisdiction where the fraud prosecution is centered. Six individuals were indicted, three of whom pleaded guilty, agreeing to cooperate with the government.

The navy has already begun procedures likely to lead to prohibitions on government contracts with two of the individuals who were indicted Friday, William L. Parkin and Fred H. Lackner, both consultants.

Those steps were taken when a court recently unsealed affidavits outlining suspicions about the consultants' work.

"We are seeing a classic lame-duck move to favor parties friendly to the administration," said David Aiderswerth, director of public lands programs for the National Wildlife Federation, the largest private U.S. conservation group.

These are among recent actions by the Interior Department:

- Resuming the process of transferring title to large U.S. oil shale tracts in the West at a fraction of their market value.

- Preparing rules that would lower the royalties private operators pay for coal mined on federal lands.

- Pushing to delay rules that

would limit oil and gas drilling in national forests.

Proposing other rules that critics say could expose some protected land to development and mining.

All the actions involve proposals to change rules, except the move to transfer oil shale lands to private parties.

The department began processing applications in December for patents that would transfer the shale land titles at \$2.50 an acre (four-tenths of a hectare). The move came after a congressional moratorium on transfers expired.

The department is processing patents for 24,000 acres, said Representative Nick J. Rahall 2d, the West Virginia Democrat who heads the Subcommittee on Mining and Natural Resources, and 228,000 acres have already been claimed.

Two of the proposed rule changes involve royalties for coal mined on private land.

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Interior Secretary Donald P. Hodel said no mining would be allowed in the parks or other protected areas and that if an operator were to plan work in a protected area, the Interior Department would condemn the property and then buy it for the government.

Environmentalists said that buying the property would require congressional appropriations that might not be forthcoming.

James E. Cason, deputy assistant secretary of the interior for land and minerals management, said the actions were not intended to speed production of energy from public lands, although he acknowledged that they might have that effect.

Mr. Rahall said, "These actions are outrageous and represent a direct assault on the concept of good stewardship of the land."

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Oil Spill Devastates Refuge

By Timothy Egan
New York Times Service

LA PUSH, Washington — When rangers at Olympic National Park reached the wild stretch of Pacific shore here last week after hiking through the rain forest, they found a nightmare scene.

Thick carpets of fuel oil, hundreds of dead birds and shards of oil-blackened timber were strewn along the longest wilderness beach in mainland America.

"I'm afraid it might take several years before all of this completely disappears," said Chuck Janda, chief ranger for the million-acre (400,000-hectare) Olympic park, an area so biologically rare that it has been declared a United Nations world heritage site. The designation, given to only a handful of areas like the pyramids of Egypt and the Grand Canyon, singles out the park as something to be preserved for all nations.

The staining of the 60-mile (100-kilometer) park beach is only part of the damage caused by an oil spill that has touched 300 miles of coastline from the southern tip of Vancouver Island in British Columbia, to Newport, Oregon. It began when a tug collided with an oil-laden barge Dec. 22 off Grays Harbor, Washington.

The spill of about 230,000 gallons (874,000 liters) that has been moving along the coast has stepped up criticism of the U.S. government's plan to open the wild Pacific coastline to offshore oil drilling beginning in 1992.

The plan, initiated by Interior Secretary James G. Watt in 1982 and accelerated by the current secretary, Donald P. Hodel, has faced opposition by governors of all three Pacific coast states, who

fear the possible repercussions along their pristine coasts.

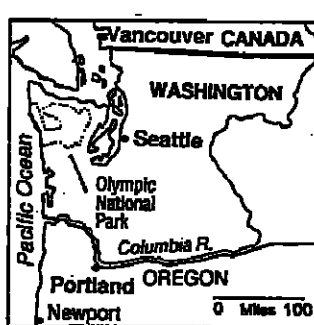
Mr. Hodel has repeatedly said that the oil is needed to reduce foreign dependence. But officials from the three states said the spill off Olympic Park was proving their point in graphic detail.

This is just tragic, said Senator Brock Adams, Democrat of Washington, speaking of damage to the park. Mr. Adams, who opposes offshore oil drilling, said the accident would increase opposition to the Interior Department's leasing plan.

President-elect George Bush has said he generally supported the drilling plan. But just before the California presidential primary last spring, he appeared to shift his position, saying drilling should be deferred in Northern California until there were assurances that it would not cause environmental damage.

As proposed, the drilling would take place 3 to 200 miles offshore by private companies. The companies leased the drilling rights from the U.S. government.

The states, which have threatened to file suit to block the drilling, have said that if the plan does go through they want certain pristine areas like the Olympic Park and the coast off



Big Sur, California, to be exempt.

Although the accident that caused the spill marring the Olympic Park beach was unrelated to offshore drilling, state and national park officials say the accident shows the fragility of the largely undeveloped Pacific shore and the dangers of transporting oil nearby.

Mr. Janda said, "What you have here, sadly, is a dramatic example of just how vulnerable the Olympic National Park is to any oil shipment off this coast."

The issue pits one faction of the Interior Department — the conservation-minded career employees of the National Park Service — against a group of more development-minded officials that has been increasingly active during the Reagan administration.

The conservationists could cite evidence at Olympic Park for their point of view. Nearly 4,000 birds have been found dead along the Washington shoreline in the last two weeks and 2,700 oil-covered grebes, murres and scoters have been taken in for cleaning. A rare colony of sea otters is particularly vulnerable because the otters have no insulating blubber and will freeze to death if their coats are soiled.

Mr. Janda said.

Officials also fear that bald eagles, who use the Washington coast as one of the main winter feeding grounds in North America, will have oil in their food chain, which could damage their springtime eggs.

And British Columbia officials Saturday issued a ban on harvesting shellfish along a 135-mile stretch of Vancouver Island that has been affected by the spill.

U.S. Presses Transfer of Public Lands

By Philip Shabecoff
New York Times Service

WASHINGTON — In the last days of the Reagan administration, the Interior Department is taking a series of steps to accelerate or simplify the transfer of public lands and public sources of energy to private entrepreneurs.

Some members of Congress and environmentalists say the moves are an 11th-hour giveaway of public resources. But Interior Department officials say they are obeying the law and protecting existing property claims on those lands.

"We are seeing a classic lame-duck move to favor parties friendly to the administration," said David Aiderswerth, director of public lands titles at \$2.50 an acre (four-tenths of a hectare). The move came after a congressional moratorium on transfers expired.

The department is processing patents for 24,000 acres, said Representative Nick J. Rahall 2d, the West Virginia Democrat who heads the Subcommittee on Mining and Natural Resources, and 228,000 acres have already been claimed.

Two of the proposed rule changes involve royalties for coal mined on private land.

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Environmentalists said that buying the property would require congressional appropriations that might not be forthcoming.

James E. Cason, deputy assistant secretary of the interior for land and minerals management, said the actions were not intended to speed production of energy from public lands, although he acknowledged that they might have that effect.

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An Enlightened Emperor

What Is Ailing America?

gains from the spread of mass production and marketing techniques are nearly even. So, too, are the productivity improvements that are made with machinery and skill in labor force from small businesses and farms to much larger ones. The most intriguing conclusion, however, is that more than half of the fall in productivity growth is caused by hard-to-isolate factors, most likely

is only standing along.

No one knows how best to excite and harness those energies. But the stakes, for a nation with national security to maintaining poor children, are immense. The rejuvenation of the incredible productivity machine stands as the highest economic priority of America's new political era.

—THE NEW YORK TIMES.

The U.S. Is Right in Paris

There is a big political storm at the Paris conference on chemical warfare, but it should not confuse anyone's view of what is going on. It was always in the cards that Libya and the other Middle East states that have used chemicals in war, or which easily might, would object to having the spotlight turned on them. This explains Libya's effort to depict American concentration on its chemical plant as the result of a Reagan vendetta. It explains the Arabs' campaign to shift the attention of the conference from their chemical work to Israel's nuclear status. The Soviet Union has been unable to keep itself from seeking old-style cheap profit from the attacks on Washington. Some of the industrialized states that are suppliers to Third World miscreants are resisting the supplier label which they have earned.

The United States, however, is being faithful to the purpose of the conference in its own interest and to the cause of the world. Consider the case of Egypt's use of gas in Yemen in the mid-'60s and the untimely eruption of the 1925 Geneva accord banning chemical use and produced a new Geneva conference to negotiate a more effective ban. Iran's and, especially, Iraq's use of gas in the recent Gulf war shows how much remains to be done. At least six countries (the three users plus Israel, Syria and Libya) have or are nearing a chemical capability. Iraq not only brushed off repeated world condemnations but scored major military and political successes: the worst of precedents. The United States concluded, rightly, that the intensity of international concern had to be turned up. This is how everyone got to Paris.

The first line of defense is to raise the costs of further use or spread of these poisons. Publicizing Libya's factory, dramatizing the U.S. concern and embarrassing Libya's suppliers fit in here. Raising international consciousness can slow would-be suppliers and producers alike. The authority of the United Nations at least to investigate poison gas allegations, and if possible to impose sanctions, can be strengthened.

The best but most difficult line of defense would be to ban not only use but production, but the verification requirements are prodigious. Still, seeing if a safe regime could be developed is well worth trying. President-elect Bush, who has manifested his own strong feeling on this subject, will have the task of bringing the American position on verification up to tougher standards. Expert observers of the "rolling target" under preparation at Geneva report signs of alignment of the Soviet and American governments in trying to achieve some kind of ban. There is no magic solution in the campaign against chemical warfare, only hard sloggng.

— THE WASHINGTON POST

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— THE WASHINGTON POST.

It is all the more strange to talk about the irreconcilable interests of states with different social systems now that even the class conflicts

This Beef Is Wrong, and May Worsen

The refrain on Capitol Hill may well be a variation on Macbeth's witches: Your fair is foul and our foul is fair. The suspicion of rivals' perfidy, of their insidious closing of their markets while exploiting those in the United States, is unshakable.

Consider Bartering for Trade

Others view their offset policies as trade promotion, not protectionism. Shouldn't the United States? At the very least, it could use the consideration of countertrade policies to drive new multilateral trade-balancing agreements.

Matt Schaffer, a former U.S. trade official and president of D.M. Schaffer Corp., writing in The Washington Post.

At the peak of the stagnation period, matters reached a point where our "counteraction" began to constrain their "action."

If Akihito Gains His Freedom, So May the Japanese

sions of interest in the lives and welfare of his people. Conversely, many are asking whether the new emperor will be able to guard the liberties he is believed to have fought hard to win for himself.

Tax All These Big Speculators

100, 75 AND 50 YEARS AGO

WASHINGTON—The Keßlermen passed by the Senate yesterday (Jan. 6) a bill for increasing the size of the Government with any scheme for cutting a canal through the Isthmus of Darien or across Central America, now goes to the House for its concurrence. The foreign relations committee of the Senate has invited the friends of the bill to appear before it tomorrow and give their views on the bill which the House recently passed.

1914: Haitian Uprising

PARIS — Considerable emotion has been caused in business circles in Paris having relations with Haiti by the news that another revolution has broken out in the "Black Republic," particularly in view of the fact that the country has taken a leading role in coffee harvest in it is being, threatening the loss of a large part of the crop. At present the towns Port-au-Prince and Cap-Haitien have not been affected.

...and dumping of goods.

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Managing Director: Michael Richardson, 5 Coleman Blvd., Singapore 0511. Tel 473-7768. Telex R556269
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The Death of an Emperor Leaves Postwar Japan at a Psychological Turning Point

By Patrick L. Smith

International Herald Tribune

TOKYO — The death of Emperor Hirohito, although not unexpected, has brought Japan to the most profound social and psychological turning point it has faced since the end of World War II.

Reflecting widespread ambivalence among the Japanese about both Hirohito and the imperial institution, few commentators have ventured to predict how the Japanese will respond to the emperor's demise.

But for a people already embarked on fundamental changes in the way they live and how they view themselves and the world, Hirohito's death at 87 is in many ways a signal that a long period of anguish, confusion and misdirection is finally coming to an end.

Much will turn on the official and popular attitudes toward the end of the era of "Enlightenment and Harmony," as Hirohito's reign was known, and the beginning of the era of "Achieving Peace."

To some extent, these attitudes will determine the kind of nation that emerges in coming decades — whether it will shake free of its past or remain bound to it in ways that have long inhibited social and personal development in Japan.

Immediately at issue for the government of Prime Minister Noboru Takeshita is the role of the Imperial Palace under the first new emperor in 62 years.

NEWS ANALYSIS

and the place the monarchy will occupy in Japanese life. These questions have concerned many officials, scholars and government advisers, as well as Japan's nationalist movement, for the last several years.

More fundamentally, Japan has to decide to what extent its unusual degree of unity in thought and values, as personified in the emperor, should begin to give way to a more diverse and democratic society.

"To maintain the uniformity of the nation — that is the government's first concern, and the emperor is at the core of this uniformity," said Teruhisa Horiuchi, dean of education at Tokyo University. "The alternative is to allow a pluralistic society to take root, but in ruling circles this is seen as both dangerous and undesirable."

Reflecting the way the Japanese have

long been taught to regard the emperor, many citizens continued to revere Hirohito as the embodiment of the nation and the symbol of its spiritual oneness. Many are likely to view Akihito, his successor, in the same way.

In the postwar era, bureaucrats at the Imperial Household Agency, which is charged with administering the palace, have often fought assiduously to keep the emperor above domestic political disputes and away from all but the most ceremonial diplomatic missions.

To illustrate the emperor's position above ordinary political power, officials often cite the fact that Hirohito used to surrender in 1945 after the war cabinet failed to reach agreement on the question.

But the status of the emperor, and therefore his proper place among the Japanese, has been blurred almost from the beginning of the postwar era. Officially approved textbooks make no reference to Hirohito's declaration of his humanity in 1946; newspapers occasionally use phrases denoting his status as a god, and most conservatives deny the emperor ever repudiated his divinity.

To conform to the postwar constitution, the emperor has been reduced in status from being a leader in whose name power was wielded to one with only a symbolic role. Nonetheless, significant features of the prewar imperial institution have been subtly preserved.

Crucial was the leadership's decision, made with the tacit approval of General Douglas MacArthur, to use the emperor to reunify the nation in the immediate postwar period, as political rulers had done at intervals throughout history. In so doing, the leadership in effect aborted the process by which moral values were intended to become more a matter of individual conscience in a democratic era.

To a large extent, Hirohito thus remained an important instrument of the state, acting as the final source of accepted values on a national scale despite the emergence of democratic political structures. Only with Japan's increasing "internationalization" in the last few years has this system begun to lose some of its effectiveness.

"In Japan, there has been no period when temporal power and moral or spiritual power were separated, as in Europe," said Yoshikazu Sakamoto, a political scientist at Meiji Gakuin

University in Tokyo. "The concern now is not only about the transition from one emperor to another, but about what the emperor should be."

Many critics of Japan's postwar political structure have contended since the late 1940s that the institution itself should be abolished as incompatible with the national effort to modernize.

Others say that if the monarchy is to be maintained, it should be drastically modified to take account of a democratic system and the internationalization process.

For Japanese conservatives, however, the issues raised by Hirohito's death are different. Some maintain it will mark the occasion to re-examine such issues as the no-war constitution, which was written under U.S. auspices. Many say the imperial institution should be revitalized.

"Obviously, there are many positive things about Western morality, some of which have penetrated Japan and should stay," said Seisuke Okuno, a conservative in the ruling Liberal Democratic Party. "But that doesn't mean we should abandon the foundation of Japanese society."

Viewed broadly, Japan's challenge is similar to that facing other Confucian

societies in Asia. As in China, Taiwan, South Korea and Singapore, the country must determine the extent to which it will place modern political institutions, instead of symbolic personalities, at its center.

In Japan's case, this is complicated by the emperor's complex status — his lack of temporal power and what many still assert is his divinity. Essentially at issue, analysts suggest, is whether the government will continue to use reverence for the monarchy as the basis for obedience to its own authority.

"We can debate whether the emperor is the source of morality per se," Mr. Okuno said. "But he is certainly the source of respect for the state."

Reflecting the government's concern with these questions, efforts to reshape the Imperial Palace's public image have been under way for several years.

Using the British royal family as a model, the Imperial Household Agency has sought to maintain the emperor's popularity, in effect, by modernizing the imperial system. As crown prince, Akihito has been a notably more public figure than his father, attending sports events and similar functions at home

and traveling widely as the imperial family's representative.

At the same time, the agency is known to be concerned with preserving its own authority over the imperial family and with maintaining national respect for the imperial institution.

Accordingly, the thrust of policy is likely to lie in two directions: developing a postwar image for the monarchy while urging the new emperor to assume a distance and dignity in keeping with imperial tradition.

Just how the Japanese will respond to Hirohito's passing and Akihito's ascendancy is likely to become apparent only in the next six months or so. But the larger question is whether a vacuum of values will develop in this period even among those who profess to be unconcerned about the emperor and his family.

"We are a very cosmopolitan culture now and our life-style transcends Japan, which is now a big power," said Mr. Sakamoto, of Meiji Gakuin University. "But reverence for the emperor is deep-seated. Your brain may be somewhat westernized, but then you find the heart is different."

1945 Lesson Gave Akihito a New Style

By David E. Sanger

New York Times Service

TOKYO — In the closing days of World War II, an 11-year-old boy was living and studying in Nikko, a quiet town in the mountains safe from the U.S. B-29 Superfortresses that were bombing Tokyo nightly.

The boy was Prince Tatsu Akihito, and on Aug. 15, 1945, he listened silently, surrounded by his chamberlains, as the ready voice of his father, Emperor Hirohito, crackled on the radio, telling the Japanese that he had decided to surrender unconditionally.

"I think I must study harder from now on," the prince is reported to have written in his diary.

The day that Akihito was studying for arrived Saturday. At age 55, when many Japanese are beginning

to turn their minds toward retirement, Emperor Akihito is beginning his life's work.

But the nature of his work was transformed that day in the mountains.

His real authority strictly circumscribed, Akihito will have a main role of projecting a warm, reassuring presence at home and abroad, where Japan's past still prompts enmity and its economic success often inspires jealousy. The government appeared to recognize Akihito's challenge when it named his era "Heisei," or Achieving Peace.

It is a role for which Akihito seems amply prepared. In nearly 30 years of state visits, tours of Japanese industry and academic exchanges with fellow marine biologists, he has learned how to be a study in kindly gray.

A wordily and educated man, he does not evoke the kind of warm praise that surrounded Hirohito, whom many Japanese regarded as a patrician figure who, while distant, helped guide them through traumatic times.

But there is evidence, though slight, that in subtle ways Emperor Akihito and his stylish, engaging wife, Princess Michiko, will once again change the shifting institution of Japan's imperial court.

Already they have made efforts to mix more with ordinary Japanese, to close the gap between the emperor and the people who, in prewar times, were called his subjects.

Today they are just citizens, and while it is unlikely that the person-

alities and foibles of the Japanese royal family will become as familiar as those of Britain's royalty, Akihito and Michiko seem likely to chip away at the "Chrysanthemum Curtain" that has made emperors into mysteries.

"I've seen him develop from a young man, and he has a very human touch," Edwin O. Reischauer, the former U.S. ambassador to Japan and the dean of American scholars of Japan, said recently. "I think the Japanese will develop a warm image of him."

The man who is likely to become the symbol of a more serene economic superpower was born in Tokyo on Dec. 23, 1933, after his parents had four girls.

In a break with the imperial court's tradition, he was not immediately separated from his parents, but at age 3 he was moved to another palace. There, raised largely by court chamberlains, he began a meticulously planned education and lonely childhood.

From the beginning his life was overprotected. He rarely went anywhere without an entourage of more than a dozen chamberlains and a doctor.

It was clear to Hirohito that his son would have to receive a much broader, more international education than any of his predecessors. And soon a teacher from Philadelphia, Elizabeth Gray Vining, came to Tokyo to teach English — and with it Western thought — to the crown prince and some classmates.

She found the young boy painfully polite, a bit awkward and at first almost without initiative. But soon she discovered that his bearing had more to do with his surroundings than his mind.

"I thought that he led a very dull and restricted life," Mrs. Vining wrote in her 1952 memoir, "Windows for the Crown Prince." She added, "I longed to set him free, to give him a chance to develop enthusiasm and interests."

At age 25, he married Michiko Shoda, the daughter of a flour-milling executive. He had met her on the tennis courts of a summer resort and he became the first emperor to select his wife rather than having the task performed for him.

The idea of a royal marriage to a commoner — one who had gone to a Roman Catholic college and majored in English literature — captured the imagination of the Japanese, who were wrestling with democracy for the first time.

The young couple seemed determined to incorporate Western elements into their lives, openly rejecting the traditions under which Akihito grew up. They invited friends over for dinner. They reared their children.

An aristocratic schoolmate of Akihito seemed shocked to discover during a social dinner party in 1964 that the couple had expressed warmth and affection for each other, something that even today is almost never shown publicly in Japanese marriages.

Paris Denies Mirage Sale To Gadhafi

The Associated Press

LONDON — The Sunday Telegraph quoted a U.S. official as saying that France was negotiating a secret deal to sell jet fighters to Libya.

A spokesman for the French Foreign Affairs Ministry denied the report. He told the International Herald Tribune on Sunday that it was "without foundation."

U.S. Secretary of State George P. Shultz, asked about the report at a briefing Sunday, said, "I don't have any information to provide you, but if anybody were to sell weapons of this kind to Libya at this time, it would be an unwelcome development, to put it mildly."

According to the weekly, the senior U.S. official, who was not identified, said information about the deal to sell Mirage fighters was compiled with the help of European intelligence agencies.

He did not identify the agencies but described the information as reliable, the newspaper said. The report did not say how many jets were under negotiation.

It said Colonel Muammar Gadhafi, the Libyan leader, wanted "to replenish his stock" of aging Soviet MiG planes "with the latest French fighter."

It also said the French government first sold Libya a version of the Mirage in 1978 and that it was delivered in the early 1980s.

According to the report, the official said the United States had not confronted the French with its knowledge.

BONN: Data on Factory

(Continued from page 1)

that West German companies helped Libya build a poison gas factory, officials said.

The proposals, made public over the weekend, involve altering lists of chemical and nuclear industry goods whose export is restricted. Additional staff and funds for customs and export monitoring agencies will be considered. Cooperation will be improved between West German intelligence agencies and customs authorities to help the latter obtain enough data to mount effective inquiries.

Frequent cases of apparently illegal West German arms technology sales to the Middle East and other tension spots have focused U.S. and world attention on what many observers consider West Germany's inadequate controls on such exports.

The West German agencies responsible for monitoring military-related shipments are widely believed to be hampered by a lack of resources and by laws designed to protect companies against government meddling.

The government has promised to strengthen arms export restrictions while insisting that the United States has not yet provided sufficient evidence to back up its claims of German corporate participation in the Libyan project.

West Germany's problems in monitoring arms exports result in part from post-World War II administrative structure kept weak by fears of concentrating too much power in a centralized government.



Emperor Akihito

JAPAN: 'Achieving Peace' Era

(Continued from page 1)

or by leftists opposed to the imperial system.

The period since Sept. 19, when Hirohito began to receive almost daily blood transfusions, allowed the Japanese to absorb the shock of their longtime leader's demise and to prepare for the next era.

Clearly disgraced when Hirohito first fell critically ill, the government has now entered into a series of well-rehearsed plans that lent a routine air to Hirohito's death. After months of minor but often-exasperating disruptions, the administration appeared intent on minimizing the practical effects of the transition.

Foreign Minister Sosuke Uno said in Paris on Saturday that he had been instructed by Mr. Takeshita to continue his overseas tour.

"The foreign minister's function is diplomacy," a ministry spokesman said Sunday afternoon. "Unless his presence is essential, we feel the nation's interests are best served by the continuance of his duties."

Similarly, matter-of-fact scenes occurred throughout Tokyo. Workers at the palace installed floodlights for the throngs of ordinary Japanese expected to sign condolence books and erected complex networks of traffic barriers to guide visitors into orderly lines.

British Press Picks a Fight With Hirohito

The Associated Press

LONDON — The death of Emperor Hirohito set off a front-page newspaper debate Sunday about whether Britain should send representatives to his funeral.

Opposition legislators and World War II veterans said that the sending of official representatives would insult thousands of British servicemen who died as Japanese prisoners of war.

Both Prime Minister Margaret Thatcher and Queen Elizabeth II sent condolence messages, making no mention of the wartime enmity, and both were expected to send representatives to the funeral.

The queen does not attend funerals of foreign heads of state, and the BBC reported Sunday that she had asked her son and heir, Prince Charles, to go in her place.

The royal family is under public criticism for failing to send a member to the memorial service last week in Lockerbie, Scotland, for victims of the Dec. 21 crash of a Pan Am flight sabotaged by terrorists.

A Visit to Libyan Plant Proves Inconclusive

By Jennifer Parmelee

Washington Post Service

TRIPOLI, Libya — Libyan authorities took journalists to the chemical plant at Rabta over the weekend but they were allowed to view the facility only from a distance in gathering darkness. The visit offered no evidence to allay U.S. suspicions that the plant was meant to produce chemical weapons.

Three bus loads of journalists traveled on Saturday from Tripoli to Rabta in hopes of inspecting the plant, but got no closer than about 1,000 feet (600 meters) and were able to see little more than a large warehouse-like building about three stories high. The journalists could distinguish two outlying buildings but could make out nothing identifying the purpose of the complex.

On Sunday, the journalists were told they would have to leave the country and were put aboard commercial flights. The Associated Press reported from Tripoli.

In a 20-minute briefing in a cafeteria near the chemical plant complex, the plant manager, Ali Ibrahim, repeated Libyan statements that the plant had nothing to do with chemicals.

Despite assertions by the United States that the plant had been built with foreign technical help, Mr. Ibrahim said the facility had no

Japan Enters A New Era, but Which Is It?

Washington Post Service

TOKYO — Many Japanese seemed confused Saturday over whether they had entered the era of "Achieving Peace" or "Becoming Flat."

Amid much suspense and pomp, the government announced the new *gengo*, or era name, by which all dates will be fixed as long as Emperor Akihito lives.

Thus, when Prime Minister Noboru Takeshita sprang "Heisei" on an unsuspecting public, he achieved maximum surprise. Few Japanese had heard the word before, and the first reaction of many of Akihito's subjects was to stammer and wonder sheepishly what it meant.

Heisei is formed from two Chinese characters, the first of which can mean "calm," "level" or "flat," and the second of which means "become" or "accomplish." A rough translation that seemed to be gaining currency was "Achieving Peace."

Mr. Takeshita said the name implied that peace will be achieved on earth and in heaven. Kyoto News Service said. But that did not stop one Japanese doctor from wondering if the government was predicting flat economic growth for the coming era.

Reflecting official uncertainty over public reaction to Hirohito's death, police patrols were unusually heavy in a number of commercial and residential neighborhoods in Tokyo.



U.S. MARINES HIT THE BEACH IN FRANCE — U.S. Marines on a beach near Sète, in southern France. The Marines were participating Saturday in joint U.S.-French military exercises. U.S. forces trained in France last year for the first time since 1966, when Charles de Gaulle took the country out of the military structure of the North Atlantic Treaty Organization.

SOVIET: Moscow to Start Destroying Chemical Arms

(Continued from page 1)

around that were built in the 1980s.

Mr. Shultz, at a press conference, said he was "reassured" by what he heard but indicated that he saw no concessions on verification and other disagreements that were blocking negotiations on banning chemical arms among the 40 nations taking part in the Geneva talks.

Mr. Shultz said that the United States had proposals on the table since 1984. But he added that negotiators still faced the problems of drafting texts that translated "our principle into an operating reality" despite Soviet acceptance of verification in 1987.

But Pierre Morel, France's ambassador to the Geneva talks, said that Mr. Shevardnadze's pledge to begin destroying weapons confirmed "the reality of Soviet intentions" in seeking a treaty to stop the production of chemical arms.

The political impact of Mr. Shevardnadze's speech was likely to be particularly strong in West Germany, the only European nation with U.S. chemical weapons on its soil.

The United States is committed to removing them by 1992.

Mr. Shevardnadze said that chemical weapons had already been withdrawn from Soviet forces in Eastern Europe. He said the Soviet Union did not "have chemical weapons outside its territory."

East Germany and other Warsaw Pact nations are believed to possess their own chemical weapons, but they have never released details on their stocks.

Destroying chemical weapons is a slow process. The United States, which already has developed an incinerator to safely burn the weapons, will take until 1997 to elim-

nate its older stocks. The Soviet Union, with more to eliminate, is still completing its first plant.

Soviet stocks are estimated at 48,000 tons of toxins, compared with older U.S. stocks of 38,000 tons. New U.S. weapons are in "binary" form, meaning that two chemicals, harmless individually, are stored separately and combined only when they are to be used as a weapon.

PLANT: U.S. Justification

(Continued from page 1)

if there was "a decision from the United Nations to inspect such plants, not only in Libya." He was interviewed in Paris, where he is attending an international conference on chemical weapons.

President Ronald Reagan has let it be known that he does not favor military action to eliminate the Libyan plant, but his decision appears to have been influenced mostly by expressions of opposition to such action from NATO allies.

Secretary of State George P. Shultz and other administration spokesmen have conceded that the construction of a chemical weapons plant is not illegal under international law.

But Major General William F. Burns, the director of the U.S. Arms Control and Disarmament Agency, said last week that the Libyan plant constituted a "threat to world peace." He added that under the U.S. Charter "any nation can act in legitimate self-defense, which suggests that any group of nations could act in legitimate self-defense."

Mr. Shevardnadze also said that the Soviet Union had never supplied chemical weapons to other countries. Mr. Shultz, who has in the past protested the reported use of Soviet-made poison gas in Afghanistan, said that he would "fill take it that way."

But Mr. Shultz said that he believed Soviet leaders were serious about trying to prevent the spread of chemical arms. He said he gave U.S. evidence about Libyan activities to Mr. Shevardnadze on Sunday in a private meeting and that he was confident Soviet officials would investigate the matter.

Mr. Shevardnadze, in his speech, acknowledged that the Soviet Union had displayed "pathological secrecy" about its chemical-weapons strength and said that his country had missed earlier opportunities to stop production.

By failing to negotiate a ban when the United States stopped them in 1969, Soviet officials said recently, the Soviet Union spent millions on its own buildup and triggered the U.S. decision to resume production two years ago.

"Yes, we did wait too long," Mr. Shevardnadze said. "But having taken the political decision, having made our choice, we are acting unwaveringly to fulfill it, rapidly making up for lost time over the past years and reaching for levels of openness that have no precedent."

U.S. officials invited the Soviet Union to visit a pilot chemical-arms incinerator at Toole, Utah, in 1983. But Soviet officials declined to visit the plant until after Mr. Gorbachev changed Moscow's policies in 1987. Western officials were shown a display of Soviet chemical weapons last year but were barred from visiting Soviet installations.

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Issuer	Yld	Mat Price	Mat	Maturity	Size	Ask	Yield	Yld
Austria	95	136.75	n.a.	30.09.90	99	26.02	97.282	9.30
Austria	09	139.18	n.a.	15.05.91	97	26.02	97.282	9.32
Austria	16	137.25	n.a.	30.09.92	99	26.02	97.282	9.31
Commazbank	95	70.95	5.65	15.02.93	98	26.02	98.182	9.39
Commerzbank	96	68.00	4.54	15.02.93	99	26.02	97.282	9.30
Euro Dm Sec C	94	64.50	4.34	15.02.93	97	26.02	97.282	9.30
Euro Dm Sec A	01	44.00	6.99	15.02.93	98	26.02	97.282	9.30
Euro Dm Sec B	96	29.40	3.27	15.02.93	99	26.02	97.282	9.30
Euro Dm Sec C	98	29.25	3.33	15.02.93	97	26.02	97.282	9.30
Euro Dm Sec D	7	1.15	7.70	15.02.93	97	26.02	97.282	9.30
Euro-Dm A	96	29.45	2.38	15.02.93	101	26.02	102	9.15
Euro-Dm C	96	29.25	2.39	15.02.93	99	26.02	99	9.15
Euro-Dm A	11	19.40	7.68					

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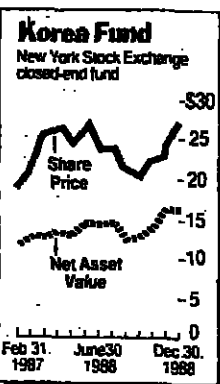
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To South Korea

give foreign investors greater access to the buoyant Korean market.

According to proposals issued in December, government clearance will be given this year to increase the size of the two best-established foreign funds for investing in the sealed-off Korean market—the New York Stock Exchange's Korea Fund and the London stock exchange's Korea Euro Fund. A third closed-end fund—primarily aimed at Japanese investors and tentatively called the Korea Asia Fund—is unofficially reported to be in the works for the Hong Kong or Tokyo exchanges.

Also planned for 1989 is an eighth investment trust aimed at big institutional investors, and an easing of rules on Korean companies' issuance of foreign convertible bonds. Foreign analysts believe the number of convertible issues could double, to about 12, this year. The government's schedule ultimately provides for direct foreign purchases of Korea stocks—with some restrictions—in 1992.

The government announcement was greeted enthusiastically in Seoul, but skeptics have already questioned how many items will be accomplished this year. Indeed, the government, concerned that local institutions would be overwhelmed by a flood of foreign money, failed to meet its deadline for many changes listed in its initial 1981 liberalization plan. That plan had called for removing restrictions on foreign investments by the late 1980s.

"Consistently, people have been caught up in the government's announcements," says Ilyas Khan, an Asian specialist with Citicorp Scrimgeour Vickers in London. "I'd be really surprised to see any expansion of these funds."

Andrew Linton, of the brokerage W.L. Carr in New York, believes that the Korea Fund, which currently has total assets of \$303.8 million, has a good chance of being enlarged, and that the Korea Asia fund will probably be established. Robert Kim, vice president of the Korea Fund, which is managed by Scudder, Stevens & Clark, says the fund has received no official word of a change in size, but notes that Korean press reports have speculated about a \$50 million increase in the fund.

Some analysts say the government could again put the brakes on the liberalization plan, if the Korean won's rise should gain momentum—a development that would further squeeze the profits of Korean exporters and signal excessive speculative pressures. The won rose about 15 percent against the dollar last year, and is expected to climb another 10 percent in 1989.

The announcement of the market-access schedule in December contributed to the return of the generally bullish mood in the Seoul market, which rose about 70 percent in 1988. But market players are worried that spring may bring a wave of new issues and rights offerings that could cause a pullback.

"The government is keen to privatize several companies," says Mr. Linton, and it may decide to unleash some of the offerings around March or April. Mr. Kim says investors, wary of the talk about a heavy schedule of new offerings, could start to cash in as early as February.

Eight companies—including Korea Electric Power Co., Korea Exchange Bank, and Korea Telecommunications Authority—are on the list to be privatized. Overall, the government is planning to double the number of listed companies, to 1,000, by the mid-1990s.

William McBride

The Tricky Business of Valuing Collectibles

Appraising
The Appraiser

The American Society of Appraisers recommends that collectors obtain the following information from appraisers before engaging their services.

- Examples of specific experience in the appropriate field.
- Memberships in professional appraisal societies.
- Any certification or specialized training, and the name of the group that sponsored the program.
- When the certification was obtained, and whether it included a written examination.
- A clear, complete statement of charges. It should indicate whether research fees will be extra.
- Whether the appraiser works regularly with dealers and auction houses, or operates independently.

The Fine Points
Of Judging Jewelry

David Bennett of Sotheby's in London inspects a dragon-fly brooch. In antique jewelry, design and workmanship are the key factors. For newer pieces, the stones' quality counts more. This brooch, valued at \$40,000, has both attractions. He estimates the brooch's setting and design enhance the value of the Burmese rubies and diamonds by 50 percent.



Getting an accurate appraisal is no easy task, say the experts.

By Cynthia Catterson

WHEN A British dealer was able to purchase an 18th-century portrait of George Washington for a mere \$3,300 at auction last year, few collectors were surprised. After all, Christie's auction house in New York had already determined that the painting was not an original work by portrait artist Gilbert Stuart as some had suspected. Instead, it was thought to be the work of an unknown artist who imitated the Stuart style.

The same collectors, however, could be forgiven their dismay a few months later when the same painting fetched \$495,000 at an auction in London. The price reflected Sotheby's opinion that the painting was indeed an original by Stuart. The auction house also raised the possibility that it may have once belonged to James Madison, the fourth president of the United States.

Although this is an extreme case, such differing opinions are not uncommon when it comes to collectibles. Just what any object of art is worth is an age-old question, and one that continues to draw a variety of answers. But when it comes to appraisals, collectors may lose money because of an honest mistake or sometimes be victimized by incompetent or dishonest appraisers.

"With collectibles selling for record prices, everyone wants to know the value of what they have. The only problem is that it's hard to find any one person who can accurately evaluate everything, and it is more than likely a single object will get three different estimates from three different appraisers," says Sam Pennington, editor of the *Maine Antique Digest*.

Personal property appraisal is an industry that in most countries has few or no licensing requirements. Standards for competence and ethical behavior are largely left to the discretion of private trade associations. In turn, such groups have little authority to regulate independent, nonaffiliated appraisers.

Moreover, the lack of guidelines leaves little legal recourse for the individual who is the victim of an appraiser's ignorance or the dupe of a dealer more interested in buying the article at a low price than in giving a fair estimate of its worth on the open market.

"There is no law stopping unqualified people from hanging out a shingle and calling themselves appraisers," says Shirley Belz based outside Washington, D.C. "We can expel a member for negligence, but we can't revoke a license to practice that doesn't exist."

Mr. Pennington of the *Maine Antiques Digest* adds: "It has become the maelstrom of the collecting experience."

Norman Hardland of Britain's Incorporated Society of Valuers and Auctioneers points out that individuals who feel they have been cheated can take an appraiser to court for negligence. But they have to be prepared for a time-consuming and expensive effort, he says.

A NOTORIOUS EXAMPLE is the 20-year legal battle in France over a 17th-century painting by Poussin that had been misattributed to a group of 17th-century Bolognese artists.

In 1968, the Louvre, the French national museum, recognized and took possession of the artwork, which had sold that year at auction for the equivalent of \$366. The couple who had originally sold the painting filed suit to reclaim it, but it was not until 1984 that a Versailles court ruled that the painting should be returned to the original owners. Last December, "Olympus and Marsyas" sold at auction for \$1.4 million. Some of the problems with appraising are inherent in a field that is part science, part art appreciation and sprinkled with a good deal of market savvy.

The appraisal process takes into account a plethora of complex and sometimes esoteric factors that differ from one item to the object by looking at factors such as rarity and workmanship.

Condition is also a key concern. When evaluating older paintings, appraisers generally use an ultraviolet light to detect any new paint that was added to the original work. They also examine how well the oil, pastel or watercolor has held up over the years.

For many collectibles, the quality of materials used is also

(Continued on Page 8)

Glimpse of Light for Tunnel Investors

The stock is on the mend after a bad start.

By Jacques Neher

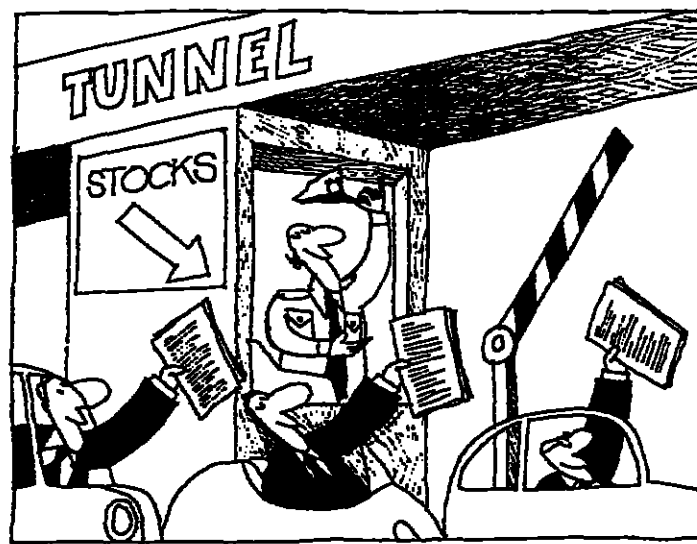
INVESTORS who took a gamble on Eurotunnel have finally climbed out of their hole. With almost 5 kilometers of tunnel already bored under the English Channel, shares in the company have rebounded from a disastrous launch a year ago and recently have shown strong gains.

The British-French company, facing time constraints from its bank lenders, was forced to come to market with its £770 million offering in November 1987, just after the crash. Prior to issuing most of the stock on the Paris and London markets, Alastair Morton, co-chairman of the company, had maintained that the shares would prove immune to the prevailing bearish market sentiment.

But investors, badly burned the month before, were not in the mood to gamble. An estimated 20 percent of the issue was left unsold. And when trading began, investors who had paid 350 pence a share in London and 35 francs in Paris were discouraged to see the stock sink below 240 pence, a 33 percent discount.

The subsequent performance has done little to cheer investors. By March 1988, with construction well under way and overall market sentiment on the rebound, Eurotunnel shares climbed to 350 pence, at last permitting unsubscribed shares without taking a loss.

But by August the stock took another dive, dropping below 300 pence, as equipment delays and problems in construction came to light. Unexpected underground water pressure caused boring rates on the British side to slow



to only 100 meters a week, about one-third the rate required to meet Eurotunnel's target opening in May 1993. On the French side, where wet geological conditions had been expected, boring advanced at only 60 meters per week.

Since then, the stock has done better. Last fall, shares staged another rally, hitting 465 pence at the end of November on heavy trading. The stock closed the year at 491. Powering the surge, say analysts, were improved tunneling rates, revised traffic projections and a get-tough position taken by Eurotunnel toward Transmanche-Link, the 10-member French and British construction consortium contracted to build the tunnel.

After TML missed a deadline that called for a 5-kilometer service tunnel on the British side by Nov. 1—only 3.5 km was finished—Eurotunnel announced that it had levied a stiff though unspecified fine against the construction group. The contractors, in turn, claimed Eurotunnel management was equally at fault for the delays.

A Eurotunnel spokeswoman who dismissed the countercharge as un-

founded said TML will still be able to recover half of the delays if the tunnel opens on time. Eurotunnel says the tunneling delays so far will add more than £100 million to the cost of the project.

How long the shares will remain appealing is uncertain. Currently, the sellers of Eurotunnel stock are mostly institutional investors. Analysts say that individual investors are hanging on to take advantage of nontransferable, toll-free parking granted to shareholders.

Analysts note that the £5.2 billion project to build a rail tunnel between France and Britain is still fraught with risk and that Eurotunnel's share price will be unpredictable as construction advances over at least the next four years.

"Tunneling is an unpredictable business," says Charles Williams, an analyst with James Capel in London. "You never know what you'll run into. While in the long run, the tunnel should get there, in the short term we'll see some shocks."

Even Warburg Securities, one of Eurotunnel's underwriters, admits this stock is not for the faint-hearted. "If I

had only one investment in the stock market, I wouldn't make it Eurotunnel," acknowledged a Warburg analyst who declined to be identified.

Many mutual funds, too, have stayed clear of Eurotunnel. A fund manager at London-based M&G Securities says the potential for future dividends was not worth the risk that Eurotunnel represented.

The stock's fortunes essentially rest on the promise for robust dividends once the 31-mile twin tunnel is completed and operational. The tunnel, which is supposed to open for business May 15, 1993, will derive its income from tickets bought for special shuttle trains that are to whisk cars, passengers and freight from shore to shore in 35 minutes.

Revenue would also flow from tariffs levied on high-speed passenger and freight trains using the tunnel to connect London with other European capitals. A London-Paris trip is seen as taking less than three hours, beating air transport for city-center service.

Unlike most other stocks that rise or fall on such factors as corporate earnings reports, general economic conditions or market moods, Eurotunnel's

(Continued on Page 9)

PROFILE

A California Investor Reaps Virtue's Reward

By Cynthia Catterson



Jerome Dodson of the Parnassus Fund.

CYNICS might say that Jerome L. Dodson takes the notion of "socially responsible" investing a step too far. Not only does the 45-year-old manager of the Parnassus Fund shun companies with links to weapons, nuclear power, alcohol, tobacco, gambling or South Africa. His portfolio also gives shelter to downtrodden stocks.

Such virtue was amply rewarded last year. The \$10-million fund, which is based in San Francisco, rolled up a total return of 42.4 percent last year, making it the third best performer among the more than 1,600 funds tracked by Lipper Analytical Services. That was nearly 25 percentage points better than the return on the Standard & Poor's 500 index.

"I'm trying to prove that it's possible to be socially responsible and get as good returns if not better than a regular fund," says Mr. Dodson, a 1965 graduate of the University of California at Berkeley who spent four years in the Foreign Service before earning a master's of business administration at Harvard University.

Mr. Dodson dismisses the skeptics who say portfolios suffer when non-financial, subjective criteria such as "social responsibility" are used to judge stocks.

"Companies with pollution-control policies aren't going to have legal troubles with environmental groups," he says. "And companies that treat employees well not only have internal harmony, but they attract and keep the most talented people. It all adds up to better performance."

Mr. Dodson's approach has always been a bit unconventional. While at a California savings and loan in the 1970s, he concocted the Solar T-Bill. The proceeds from the sale of the money market-like instruments were lent

to companies developing solar energy. His informal, offbeat style shows through in the Parnassus Fund's reports, which are spiced with personal anecdotes about family and friends. In the Sept. 30 quarterly report, shareholders learned of Aunt Susie's job at his incorrect prediction that interest rates would not rise before the presidential election.

But what sets Mr. Dodson's approach apart is the way it combines so-called "ethical" investing with a fondness for out-of-favor stocks. Specifically, he looks for stocks whose market price is below an already meager 1.5 times book value. For added measure, the stock's price must have declined to at least 75 percent of its high over the last five years, and it must have a price-earnings ratio below both the average P/E of the S&P 500 and the stock's own historical level.

The approach aims to identify stocks that have been beaten down so far that there is little downside risk and a good chance of a comeback. But the strategy can try the patience, acknowledges Mr. Dodson: "Sometimes you buy a stock that is out of favor and it goes down even more before starting its rebound."

It is especially perilous when a sharply negative market mood drives investors into high-quality shares. After the October 1987 crash, the Parnassus Fund plummeted more than 30 percent in the following month, ending that year down nearly 8 percent. Until Oct. 1, 1987, he laments, the fund had been up more than 40 percent.

"We had invested in a bunch of small-company stocks that were just coming around at the time of the crash," he recalls.

More recently, Mr. Dodson's accumulation in the third quarter of stocks from the much-maligned technology sector could have been disastrous for the overall

(Continued on Page 9)

GAM
GLOBAL ASSET
MANAGEMENT

Zurich, London, Bermuda,
Hong Kong, Isle of Man.

GAM's major worldwide funds recorded the following gains in 1988:

	GAIN	SIZE
GAM Worldwide	+26.4%	US\$ 352.0m
GAM Franc-val	+45.9%	SFr 375.2m
GAM £ & International	+28.8%	£ 44.8m

Since inception on 3 May 1983 GAM Worldwide has recorded compound annual growth of 27.3% in US\$.

Since inception on 2 January 1985 GAM Franc-val has recorded compound annual growth of 20.1% in SFr.

Since inception on 9 January 1984 GAM Sterling & International (an authorised Unit Trust) has recorded compound annual growth of 25.1% in £.

For further information on these and other GAM funds please contact:
GAM Administration Ltd, 11 Athol Street, Douglas, Isle of Man, British Isles,
Tel: 44-624-26037, Telex: 628625 GAMAD G, Fax: 44-624-25956.

Betting On Rescuing U.S. S&Ls

By David C. Lanchner

ONLY THE BOLDEST of bargain-hunters would consider U.S. savings-and-loans shares. Industry followers say that perhaps a third of all the 3,100 so-called thrifts are insolvent, and the stocks of the publicly traded institutions are close to historic lows.

In 1988, federal regulators arranged the sale or merger of nearly 200 savings-and-loans in an operation that was widely seen as a tacit admission that the industry's condition was worse than officials had acknowledged. Estimates of the costs of cleaning up the thrift crisis range from \$50 billion to \$100 billion. Adding to the uncertainty is concern about a potentially damaging further climb in interest rates.

But a few adventurous students of the industry say saving-and-loans stocks offer opportunities for the patient investor. They reason that some established, prudently managed mainstays of the industry could see their share prices jump if Congress, as expected, adopts a rescue package this year. And some analysts find promising stocks among a handful of smaller, lesser known thrifts.

"The stocks are good buys if you have a long term investment outlook," says Jonathan Gray, a savings and loan analyst, Sanford C. Bernstein, a New York brokerage.

Mr. Gray and other analysts explain that profits at strong companies have been hurt by problems at weak institutions. In the past two years, the Federal Savings and Loan Insurance Corp. has doubled insurance premiums, forcing the bigger, more successful institutions to bankroll the rescue of their competitors. Moreover, the government's policy of keeping insolvent institutions open for business has created artificially high levels of competition in the industry.

"When Congress appropriates the funds to clean up this mess you'll see stock prices in the better companies boosted by about a third," says Allan Bortel, a savings and loan analyst at Shearson Lehman Hutton in Los Angeles, California.

Other industry followers are less certain that a rescue plan will prove a boon to share prices. "A plan for dealing with the crisis will be very favorable for the bigger, stronger institutions that have already shouldered much of the burden," says Deane Heidt Steinberg, an analyst at Drexel Burnham Lambert.

"But I'm afraid it will happen with rising interest rates and lackluster earnings."

Under such circumstances, the positive news of congressional action would be largely offset by the negative impact of higher interest rates. That would mean only a minimal, if any, bounce in the share prices of solid thrifts, she believes.

The prospect of potentially higher U.S. interest rates has encouraged a focus on the most heavily capitalized, conservative mortgage lenders in the thrift industry. Three California savings and loans — A.H. Ahmanson, Golden West Financial and Great Western Savings and Loan — receive high marks in these categories. Unlike many troubled thrifts that ventured in more speculative real estate and commercial lending, these institutions stayed with their traditional expertise of mortgage lending following the industry's deregulation in 1982.

Resilient bottom lines are also helped by the location of these savings and loans in California, which remains the fastest growing housing market in the country. Adjustable rate mortgages, which let financial institutions increase mortgage payments when deposit rates rise, have also cushioned their profits. The three stocks have an average price-earnings ratio multiple of 7 that analysts believe could rise to 9 or 10 if Congress addresses the savings and loan crisis and interest rates remain stable.

Despite Ms. Steinberg's pessimistic outlook for thrifts, there is one stock she is recommending. Home Federal Savings of San Diego has been so grossly undervalued that its share price is bound to move up, even if interest rates rise, she says.

The stock trades at the extraordinarily low price-earnings ratio of 5 largely because a high percentage of bad commercial loans remain on the company's books. According to Ms. Steinberg, it will soon become evident that the market is exaggerating the danger of these loans.

"The bank has set aside huge reserves and will easily absorb any losses," she says. "Additionally, it has the dominant franchise in one of the best real estate markets in the country," Mr. Bortel, who also recommends Home Federal, notes that the bank's conservative mortgage lending grew by \$2 billion this year and that the deposit base increased by \$1.2 billion.

Investors searching for smaller, less widely followed issues that would advance further than bigger stocks in the event of good news are likely to experience considerable frustration. Most small issues are too thinly capitalized to merit attention from analysts and their prospects are hard to decipher.

Two smaller companies that analysts have made the effort to evaluate are Downy Savings and Loan in Newport Beach, California and Polity in New Jersey.



Savers lined up to withdraw money when Baltimore's Old Court Savings & Loan experienced problems in May 1985.

Former Treasury Secretary William E. Simon and Texas billionaire Robert Bass are among the well-known U.S. financiers who are buying up thrifts with the help of government rescue money. They expect to reap big gains if the thrifts are restored to health. Now two partnerships offer individuals a chance to participate in saving-and-loans rescue efforts in exchange for the hope they can ultimately be sold off at a profit.

Shiffrase & Latham is raising \$200 million for a First Financial 1988 Partnership and Merrill Lynch is currently seeking SEC approval for the \$100 million U.S. Thrift Opportunity Partners fund. The funds plan to invest in troubled institutions where federal funding and tax breaks will help minimize risks.

But some analysts remain wary. "It's very hard to figure out from the prospectuses what you are getting from the buyout funds," says Eric Heimel, an analyst at First Boston. Mr. Heimel notes costs can run high. Expenses at the Shearson fund amount to more than 13 percent of the \$25,000 price of a partnership.

Bail-Out Funds
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The prospect of potentially higher U.S. interest rates has encouraged a focus on the most heavily capitalized, conservative mortgage lenders in the thrift industry.

Bids Enliven U.K. Property Sector

By Marybeth Nibley

B RITISH property shares, which had raced ahead of other sectors for nearly 18 months, started showing signs of fatigue near the end of last year as investors began to take their profits. But then along came a couple of high-profile takeover bids that could give the sector a second wind.

In late December, Hammerson Property Investment and Development Corp., fell into the takeover sights of Rodamco, a large Netherlands-based property trust in the Robeco investment group. The third-biggest property investment company whose holdings extend to Canada, Australia and continental Europe, Hammerson Property was long considered bid-proof because of its share ownership structure.

About the same time, the London Shop property group received a takeover proposal from Peel Holdings, another real estate operation. And outsiders have been building stakes in a handful of other concerns.

"A lot of people think property companies are worth a lot more than their share value," observes Geoffrey Burton, a director of Aetna Investment Management Ltd. Indeed, the £1.3-billion offer for Hammerson suggests that foreigners still see value in the sector despite the sharp 1988 slump in property shares.

Measured against the Financial Times All Shares Index, the property sector outperformed the overall market by about 22 percent through the first 11 months of 1988. It was one of the strongest performers since early December 1988 relative to the rest of the market. Investor attention has concentrated on the bedrock of the sector — large investment companies with substantial stakes in blue-chip rental estate, generally have been out of favor since late 1987. These companies lack the solid asset base and rental income that analysts consider appealing features of the property investment concerns.

The key to evaluating these stocks is their growth in per-share net asset value, say analysts. An attractive aspect of the investment companies is that they have traded at substantial discounts to their forecast net assets.

An example is Land Securities, the biggest company in the sector with a market capitalization accounting for about 20 percent of the group of 52 stocks. In December, it was trading at slightly above 500 pence a share, about 35 percent below the per-share net asset value that analysts expect the company to report after its financial year ends in March.

But as property stocks lost momentum late last year, the market seemed to ignore the discounts. Judith Humbley, a property analyst at Kleinwort Benson Securities, says the stocks looked cheap based on fundamentals, but the market was saying, "So what?"

The experts the gains in the net asset value of many property companies next year to exceed the earnings gains projected for the rest of the market. "Although they are very good increases, the investors are seeming to discount them," she says.

Robin Christie, an analyst with London stockbrokers Kitcat & Aitken, agrees the out-

Asset Outlook

End-year net asset values for 1988 and forecasts for 1989 of seven property companies.

Company	1988	1989
British Land Year ends March	£ 3.99	£ 5.00
Brixton Estates* Year ends Dec.	3.01	4.30
Great Portland Year ends March	3.46	4.65
Hammerson* Year ends Dec.	6.50	9.85
Land Securities Year ends March	6.68	8.40
MEPC Year ends Sept.	7.27	8.36
Slough Estates* Year ends Dec.	2.84	3.80

* For companies whose financial year ends in December, figures are for 1987 and 1988

Source: Kitcat & Aitken

look for the companies' net asset values remains quite strong. "In the next 18 months there is still some good asset growth to be gotten out of the sector," he says.

Weighing on the sector has been concern about the vulnerability of the property sector to retrenchment at the big securities firms and to interest rates. Morgan Grenfell's decision to cut back its securities trading activities and lay off 450 employees led to predictions of

more job losses to come. Deep staff cuts would not only trim demand for office space, but could also undercut residential developments near the City, London's financial district.

Another jolt came with the recent surge in British interest rates. Analysts maintain that investor concern on this score was largely unjustified because property developments are more sensitive to long-term interest rates, while the increase came in short-term rates.

Robert Ringrose, a director of London stockbrokers UBS Phillips and Drew, believes investors are too pessimistic about the fallout from financial industry cutbacks: "People have been focusing far too much on stockbrokers losing their jobs."

Strong demand from law firms, accountants and foreign banks could take up the slack, he believes. Further demand could come as the European Community's plan to integrate national markets by the end of 1992 nears its target date. These enlarged companies will likely need new premises, some analysts reason.

Outside of London, a shortage of commercial space seems to bode well for the property market, say analysts. Demand for industrial space, including such facilities as warehouses, is expected to remain buoyant, throughout Britain.

Stocks mentioned favorably by some property analysts include British Land, Brixton Estate, Great Portland Estates, Land Securities and Slough Estates. By contrast, MEPC, the second biggest stock in the property sector, has few boosters at its current levels.

Less noticed is a group of companies not categorized as property stocks, but which nonetheless have large real estate operations. Taylor Woodrow is an example cited by some analysts.

In general, analysts advise avoiding companies with substantial holdings in or near London's financial district. Reschague, Speyhawk, Stanhope Properties fall into this category.

Upturn for Tunnel Shares

(Continued from Page 7)

short-term share price outlook is almost entirely dependent on time. A longer construction period subjects the project to higher costs due to inflation and interest charges. Since Eurotunnel's concession lasts only until 2042, and the banks have to be repaid first, the longer the delay until opening, the less money will be available for distribution to stockholders as dividends.

In a worst case scenario, heavy overruns could sap Eurotunnel's contingency fund of £800 million and force it to tap its lenders or investors for more money. And a new equity issue would likely dilute the value of current shares.

Richard Hannah, a transportation analyst with Phillips & Drew, says that Eurotunnel probably went public with its claims against TMI not so much to boost the stock as to show the 50 international banks that are putting up £5 billion in construction loans and standby

credits that it was willing to crack the whip to make sure the tunnel opened on time.

"The banks can pull the plug any time along the way," Mr. Hannah said, noting that "if the banks panic, they're more likely to do so in the short term rather than the long term, after their money is already spent."

While most analysts believe the tunnel will be completed, investors cannot be sure just when that will be and at what cost. Complicating matters are shifting projections on how many people will ultimately use the tunnel.

In a traffic forecast issued in October 1988, Eurotunnel projected that in 2003, 10 years after the tunnel's planned opening, the facility would generate revenue of £727 million from 41.3 million passengers and 23.6 million tons of freight. That revenue forecast is 12.5 percent higher than the one started in Eurotunnel's 1987 prospectus and 58 percent greater than a projection made by Eurotunnel's consultants in 1986.

PROFILE

Social Criteria Pay Off

(Continued from Page 7)

fund's performance had two not been takeover bids for two companies in the portfolio, Best Products and Convergent Technologies. Best Products rose 48 percent, and Convergent more than doubled in price in the third quarter, allowing the Parnassus Fund to end the period with a modest loss of 1.7 percent.

But that experience has not dampened Mr. Dodson's enthusiasm for struggling technology stocks in 1989. And, with many market strategists painting a dim picture for this year, Mr. Dodson holds true to his contrarian views that the stock market's downside risks are minimal.

"A crash almost never comes when every one is nervous and keeping a lot of cash on the sidelines," he says. At the year's open, the Parnassus Fund's assets were nearly fully invested to take advantage of the "January effect," the tendency for smaller-company stocks and beaten-down issues to outperform the overall market in the first month of the year.

Among his favorite companies in the technology sector is Digital Equipment Corp. The computer company's share price had risen as high as \$200 before the crash low of \$100 per share. Now, at about \$98 per share, Mr. Dodson reasons the stock holds little peril.

"Even if you think the market is going to be flat or bearish, DEC is a company with a lot of value and a stock price that has already discounted the possibility of a recession," he says.

Fundamental considerations

aside, Mr. Dodson is a fan of Digital's employee policies, which include day care for employees' children and opportunities for advancement for women. In addition to producing quality products backed by service, he says, Digital's management has demonstrated on more than one occasion an ability to adapt to a changing competitive situation.

Along with technology issues, Mr. Dodson is investigating property and casualty insurance companies such as Aetna. In other sectors, Cummins Engine, a maker of diesel engines, was purchased for the fund within the last six months.

Mr. Dodson will drop companies whose business strategies take a disappointing turn, no matter how he initially rated them on social responsibility. Back in 1985, he bought People's Express Airlines on the strength of its strategy of providing low-cost air travel. Adding to its appeal was a policy that involved employees in management and gave them stock in the company.

But Mr. Dodson sold his shares shortly after finding that flights were often delayed and heavily overbooked. When the company began acquiring other regional airlines, he recalls, "I realized the company was more interested in expanding than improving any of their services."

Despite the strong performance of the Parnassus Fund in 1988, this year stands to be a pivotal one for Mr. Dodson. By far, 1988 was the best in the three full years of the fund's existence. In 1986, the fund's 2.7 percent advance lagged the hefty 18.7 percent gain by the market as a whole. And in 1987, the crash pushed Parnassus into a 8 percent decline.

For Mr. Dodson, a successful 1989 is essential to prove that 1988 was no fluke. "I need to have at least one more really good year to satisfy the skeptics that emphasizing the positive can produce positive returns," he says.

Fundamental considerations

PARTNERSHIPS

The High Price of Bailing Out of Limited Partnerships

By Bruce Shenitz

LET THE SELLER beware" is the motto that should guide investors who want to sell their limited partnerships before the scheduled liquidation of the investment. As for buyers who expect to gather up highly discounted bargains on the small but growing secondary market, they too should exercise caution.

"It's not a market. It's a swamp," says Glen Bigelow, president of Oppenheimer & Bigelow Management Inc., a firm that deals in the secondary market in limited partnerships. All experienced players agree that the secondary market requires sophistication and thorough research.

Limited partnerships are a form of business organization in which investors put their money directly into ventures such as real estate, equipment leasing and cable television. Investors share in profits during the life of the partnership and stand to make a significant capital gain when the holdings are liquidated.

The problem for investors has always been liquidity. Unlike stocks, partnerships do not trade on a public market. Some partnerships offer limited buyback provisions, and most big brokerages will try to find buyers as a service to clients who wish to sell. But there are no guarantees.

Indeed, even though the secondary market has expanded the seller's options, they usually have to settle for far less than the price they paid for the original investment. Limited partnership units routinely trade at 60 percent of their original value, although

The secondary market can be treacherous.

numbers can run as low as 10 percent. Only a small number of partnerships trade above their original value.

For example, units in the Carlyle XII Partnership, which specializes in real estate, are currently being purchased on the secondary market for amounts ranging from \$390 and \$410 a piece. The partnership was first offered to the public in April 1983 for \$1,000 a unit. Similarly, units in Carlyle XV, which were offered for \$1,000 last year, are now selling for \$700.

Finding a buyer who is willing to come close to an investor's asking price is one of the biggest headaches. James Whalen of Rochester-based Procorp Securities works through a network of some 100 buyers on the secondary market in order to auction off shares to the highest bidder.

"Unlike most other participants, our only function is to help sellers sell," says Mr. Whalen. "We don't buy for our own account. Our objective in acting as agent is to get the highest bid."

Mr. Whalen claims he can sometimes go back to the seller's highest bidder and get 10 percent to 15 percent more from the same party. "They know they'd better give us the top of the price range or more, or we'll go elsewhere," he says.

Traditionally, the typical seller

on the secondary market was part of the "death and divorce market" — a distressed investor who needed to liquidate assets quickly. While such investors are still part of the market, they are by no means the whole story.

"There is a large group of sellers who were misled the product," says John Kozol, manager of the secondary partnership trading department at PFG Securities in Bellevue, Washington. "Although investors decide to get out of partnerships for a variety of reasons, many sales are taking place in highly leveraged real estate, which isn't paying the distributions the investor likes to see," according to Mr. Kozol.

Interestingly, these real estate partnerships may provide the savvy buyer with the best chance of finding a good deal in a used partnership. Many brokers believe that since real estate prices have probably bottomed out, limited partnerships that invested in depressed markets now stand to recoup their losses.

"If ever there's a time to buy leveraged real estate, it's now," says Greg Paul, vice president of Partnership Securities Exchange Inc.

Good buys are difficult to find elsewhere, however. Although cable television limited partnerships have generally performed well, it

is precisely for this reason that it is hard to find good buys on the secondary market. These partnerships often trade at, or slightly above, what the investor paid for them.

Still, many secondary market dealers believe that their product offers even better value for the careful investor than a new offering in a limited partnership. "In secondaries, at least you get a track record to look at," says Mr. Bigelow of Oppenheimer & Bigelow.

Another advantage of the secondary market is that the investor can avoid the high front-end fees that characterize new offerings in limited partnerships. In fact, Ron Baker, president of the Oakland-

based Partnership Securities Exchange Inc., believes that new partnership investments are diluted by 25 percent because of such fees.

But experts caution investors against getting carried away with the deep discounts. Mr. Baker says it is misleading to talk about a partnership's discount from its

original offering price. "You want to focus on the discount from the liquidation value," he says.

When Mr. Baker bought units of a limited partnership at 60 percent of its original worth, it looked like a good deal. But when the partnership liquidated with a zero return on capital, he took a hefty loss.

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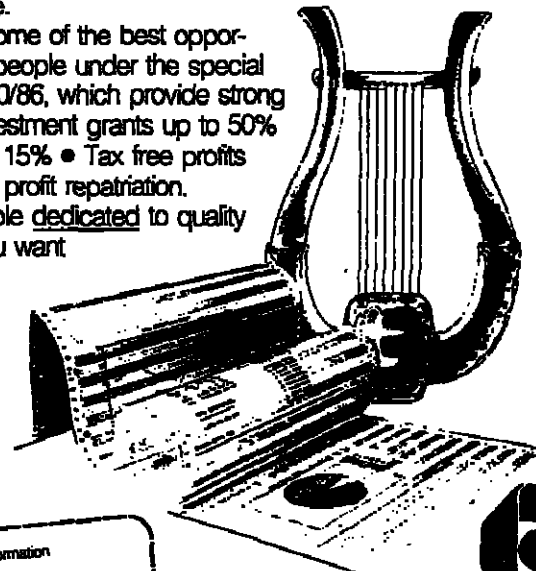
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OTC Consolidated trading for week ended Friday.

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(Continued on Page 13)

Pechiney Plans to Blunt the Costs of Triangle Debt

By Carl Gewirtz
International Herald Tribune

PARIS — Pechiney SA, the French state-owned metals company, is tapping the international credit market for a \$1.5 billion loan to refinance the high-cost junk bonds carried on the books of Triangle Industries Inc., its recent U.S. acquisition.

Triangle's major assets are the former National Can Co. and American Can Co., which were merged to form American National Can — a unit that has close to 30 percent of the U.S. packaging market as well as big operations in Western Europe. The sale to the French company makes Pechiney the world's largest canning and packaging company.

Pechiney paid \$1.26 billion — a third in cash and the rest in 10-year notes — to buy Triangle. But the U.S. company, to finance its takeovers of National and American, was carrying \$1.5 billion of debt on its own books. Annual interest payments on these borrowings ranged from 13 to 15 percent.

Rather than continuing to service that exorbitant cost of debt, Pechiney is seeking a five-year loan to prepay and cancel Triangle's junk bonds.

Pechiney's all-in cost of money is 14 percent above the London interbank offered rate, which currently stands at about 9 1/2 percent. Thus, at the current level of Lior, Pechiney will be spending \$146.3 million a year to service the debt, an annual saving of about \$64 million.

The actual saving is difficult to measure, in part because the Lior benchmark is constantly changing and in part because Pechiney may be able to achieve a lower borrowing charge. Instead of drawing on the syndicated credit, Pechiney has the option to invite banks to bid on short-term notes. In addition, if Pe-

chiney is willing to manage the currency exposure, the company could borrow in Deutsche marks, where Lior is 5 1/2 percent, or in any other low-cost currency.

But there is no proviso to issue commercial paper under this facility. Pechiney has no U.S. credit rating, which prevents it from tapping

INTERNATIONAL CREDIT

the American market. Officials said the company may later decide to tap the Euro-commercial paper market, but any such operation would be separate from the facility now being syndicated.

Whatever method it chooses to raise money, Pechiney's annual cost to maintain the credit line amounts to half of the total margin, over Lior, or 12 1/2 basis points. The actual cost to draw the credit is set at 12 1/2 basis points over Lior. Bankers said the terms are in line with prevailing market conditions and would attract lenders seeking to maintain or establish banking relations with the company.

Pechiney appointed four banks to arrange the facility: Banque Nationale de Paris, Chase Investment Bank, Citicorp and Credit Lyonnais.

A \$725 million facility is being syndicated to finance the merger of Financiere Credit Suisse First Boston and First Boston Corp. into a corporation called CS First Boston Inc.

The financing has been underwritten by four banks with equal status as co-arrangers and co-lead managers. They are BNP, Continental Bank, Midland Bank and National Westminster Bank.

The facility will run for a maximum of two years and the borrower has the choice of three possible base rates. If Lior were used, the margin over it would be 2 1/4 basis points for the first six months, 2 1/2

basis points for the second six months and 2 3/4 basis points thereafter.

An alternative is 25 basis points over the prime rate of U.S. banks, which currently stands at 10 1/2 percent. The third option is the rate on certificates of deposit, currently 8 1/2 percent, adjusted for reserve costs plus a margin of 34, 36 1/2 and 39 basis points depending on the maturity of the Lior pricing. A commitment fee of 7 1/4 basis points would be charged on any undrawn amounts.

The city of Madrid appointed Manufacturers Hanover Trust to arrange an eight-year loan of 150 million European currency units (\$172.4 million). Interest is set at 17 1/2 basis points over Lior for the first five years and then 20 basis points.

In the Mideast, Jordan has asked banks to submit bids on terms for a \$100 million, eight-year loan.

In Asia, Thailand and Malaysia are arranging loans to finance construction of local roads.

In Thailand, local banks are financing a 30-kilometer (18.5-mile) toll road costing 20 billion baht (\$791.0 million) that is to complete a beltway around Bangkok and reach into the suburbs. Foreign banks are being asked to provide an additional 5 billion baht (\$197.7 million) through a 10-year guarantee facility. To protect the foreign banks against an appreciation of the baht, the dollar equivalent has a maximum upper limit of \$250 million. Up to \$100 million of this can be borrowed directly from the lenders.

If there were to be a default by the constructor and the foreign guarantee were to be drawn, banks would then be locked into a commitment maturing in 2008.

The ostensible purpose of the foreign participation is to relieve the financial burden of the Thai

department, said he believed President-elect George Bush will be successful in narrowing the federal budget deficit this year, which would lessen the likelihood of interest rate hikes.

"Less red ink in the federal budget will strengthen the dollar, reducing the Federal Reserve's need to support the U.S. currency through higher interest rates," Mr. Canada said.

The yield curve remained inverted, an indication that the market expects lower interest rates in the long term. For example, while the 30-year bonds yielded 9.03 percent, the 10-year notes were returning 9.21 percent and three-year notes were at 9.31 percent.

The federal funds interbank overnight loan rate rose to 9.63 percent from 8.75 percent the previous week.

In a normal interest-rate environment, long-term yields are the highest, to compensate investors for the increased risk of their investments.

Aggressive terms were also a problem in the DM sector, where top names like Eurofima, Royal Insurance and Volkswagen, launched in the last week of December, traded at big discounts from the offering price as investors shunned paper whose yields were so far below levels available in the secondary market.

In all sectors, yield curves are exceedingly flat or inverted — meaning that the income underwriters earn while they hold bonds in inventory are matched or eaten up by the cost of financing these positions.

Investors were offered a choice of high quality names — Unilever, Caisse Nationale des Telecommunications, Finnish Export Credit and Johnson & Johnson. But to arrive at attractive swap levels, the issuers squeezed on the terms of the new issues and that turned off investors. All the issues were trading substantially outside the fees paid to underwriters.

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New International Bond Issues

Compiled by Bassam Aoun

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price and week	Terms
FLOATING RATE NOTES						
Cheltenham & Gloucester Building Society	£125	1994	1/16	100	99.70	Over 3-month Lior, Noncallable, Fees 0.30% (Drescher Bank)
National & Provincial Building Society	£200	1999	1/8	100	—	Over 3-month Lior with a maximum of 3%, Noncallable. Only 100 million is new launched, Fees 0.20% (Drescher Bank)
Yorkshire Building Society	£100	1994	0/10	100	—	Over 3-month Lior, Noncallable, Fees 0.10% (Drescher Bank)
Mitsubishi Bank of Australia	Aus 40	1992	0/50	100.10	—	Below 3-month Australian bank bill rate, Redeemable at par on every interest payment date, Fees 0.10% (Mitsubishi Finance Int'l)
Swedbank	¥7,500	1994	0/35	100%	—	Below the Japanese long-term prime rate, Redeemable at par on every interest payment date, Fees 0.20% (Mitsubishi Finance Int'l)

FIXED-COUPON						
Banque Nationale de Paris	£ 75	1994	11%	101%	99.875	Noncallable, Fees 10% (Credit Suisse First Boston)
Deutsche Bank France	£ 75	1994	11	101%	99.25	Noncallable, Fees 10% (Barings Brothers & Co.)
Granada Group	£ 75	2019	11%	101.16	—	Noncallable, Fees 20%, Denominations £10,000 (Warburg Securities)
Trafalgar House	£100	2014	10%	98.208	—	Noncallable, Fees 20%, Denominations £10,000 (Kleinwort Benson)
Eurofima	DM 300	1999	6 1/4	101%	99.40	Noncallable, Fees 10% (Deutsche Bank)
Royal Insurance France	DM 250	1994	5%	101	—	Noncallable, Fees 2% (Commerzbank)
Société Générale Bank Nederland	DM 200	1994	5%	101%	98.875	Noncallable, Fees 2% (Société Générale - Banque Paribas)
Vollswagen Int'l Finance	DM 200	1994	5%	101	98.60	Noncallable, Fees 2% (Drescher Bank)
Caisse Nationale des Telecommunications	ECU 100	1994	7%	101%	99.40	Noncallable, Fees 10% (Deutsche Bank Capital Markets)
Finnish Export Credit	ECU 125	1993	8	101%	—	Noncallable, Fees 10% (Barings Trust Int'l)
Ford Motor Credit	ECU 100	1993	7%	101%	99.50	Noncallable, Fees 10% (Banque Paribas Capital Markets)
Johnson & Johnson	ECU 100	1992	7%	101%	—	Noncallable, Fees 10% (Merrill Lynch Capital Markets)
Kreditbank Int'l Finance	ECU 50	1994	zero	69%	68.25	Yield 7.51%, Redeemable at par linked to the Belgian franc fluctuation, Fees 10% (Kreditbank)
Unilever Capital	ECU 115	1994	7%	101%	—	Noncallable, Fees 10% (Swiss Bank Corporation Int'l)
BNI Overseas Finance	CS 100	1991	11%	101%	100.15	Noncallable, Fees 10% (Prudential Dutch Capital Funding)
Banque Nationale de Paris	CS 100	1992	11%	101.45	100.20	Noncallable, Fees 10% (Deutsche Bank Capital Markets)
GMAAC Canada	CS 100	1994	11	101%	99.825	Noncallable, Fees 10% (Morgan Stanley Int'l)
Int'l Thomson Organization	CS 100	1994	11%	101.85	100.05	Noncallable, Fees 10% (Scott & McLeod)
Montreal Trustco	CS 100	1994	11%	101%	—	Noncallable, Fees 10% (Wood Gundy)
Province of Alberta	CS 650	1994	10%	101%	99.775	Noncallable, Fees 10% (Banque Paribas Capital Markets)
Alcoa	Aus 70	1992	14%	101%	100.10	Noncallable, Fees 10% (Amsterdam-Rotterdam Bank)
Boyerische Landesbank Int'l	Aus 75	1992	14%	101%	100.00	Noncallable, Fees 10% (Hambros Bank)
Canadian Imperial Bank of Commerce	Aus 50	1991	15%	101%	100.62	Noncallable, Fees 10% (Wood Gundy)
Ford Credit Australia	Aus 50	1992	14%	101%	100.42	Noncallable, Fees 10% (Hambros Bank)
IBM Australia Credit	Aus 75	1993	14%	102	100.10	Noncallable, Fees 10% (Westpac Banking)
Montreal Trustco Bank	Aus 50	1991	15%	101%	100.70	Noncallable, Fees 10% (Hambros Bank)
National Australia Bank	Aus 150	1994	14%	101%	100.25	Noncallable, Fees 2% (Hambros Bank)
Rural & Industries Bank of Western Australia	Aus 60	1991	15%	101%	100.37	Noncallable, Fees 10% (Merrill Lynch Capital Markets)
State Bank of South Australia	Aus 75	1991	15%	101%	100.75	Noncallable, Fees 10% (Hambros Bank)
Swedish Export Credit	Aus 75	1992	14%	101%	100.25	Noncallable, Fees 10% (Westpac Banking)
WestLB Int'l	Aus 75	1992	14%	101%	99.90	Noncallable, Fees 2% (WestLB)
Svenska Handelsbanken	NZ\$ 50	1992	14%	101%	100.42	Noncallable, Fees 10% (Hambros Bank)
Credit Finance	¥12,500	1993	5	101%	—	Noncallable, Fees 10% (BNI Int'l)

EQUITY-LINKED						
Komatsu	\$300	1993	open	100	106.25	Coupon indicated at 40%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium, Fees 20%, Terms to be set Jan. 12 (Merrill Lynch)
Nichimen	\$200	1993	open	100	102.75	Coupon indicated at 40%, Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium, Fees 20%, Terms to be set Jan. 12 (Deutsche Bank)
Sumitomo Bank	\$300	2004	open	100	99.80	Coupon indicated at 34%, Callable at 100% in 1992 declining by 0.50% annually to par, Convertible at 5% premium from Feb. 13, Fees 20%, Terms to be set Jan. 11 (Sumitomo Finance Int'l & Deutscher Bank)
Thorn EMI Capital	£103	2004	5%	100	100.25	Redeemable in 1994 and 1999 to give a yield of 10.6% approximately, Convertible into shares of Thorn EMI at £7.45 per share, a 16.4% premium, Fees 20% (Warburg Securities)
Sumitomo Bank	DM 300	1994	open	100	99.875	Coupon indicated at 24%, Each \$5,000-note with one warrant exercisable into 85 company's shares, Redeemable on Feb. 13, Fees 20%, Terms to be set Jan. 11 (Drescher Bank)

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam

Amsterdam stocks started 1989 as well as they ended 1988. The CSE index went up almost 2 percent for the week, ending at 252.5, compared with 287.2 the previous week.

Total volume was 6,747 billion guilders, against 2,787 billion the previous week.

With the dollar becoming firmer, the stockbrokerage Kempen & Co. in Amsterdam said a technical reaction on the market now seemed more remote, but still possible.

Frankfurt

Frankfurt stocks chalked up good gains last week. The Commerzbank index finished the week at 1,651.9, up 37.9 from the end of the previous week.

Volume on the eight West German exchanges totaled 22.30 billion Deutsche marks.

Auto stocks put in a particularly good performance, as BMW added 15 to close at 538 DM, Daimler-Benz 23 to 761, and Volkswagen 5.50 to 353.50. In electronics, AEG rose 4.20 DM to finish the week at 201, while Siemens jumped 12.50 to 552.50.

Hong Kong

The market began the new year

on a strong note, with the Hang Seng Index rising 79.21 points in active trading by overseas buyers after the holiday break.

The broader-based Hong Kong Index gained 53.08 points during four days of trading to close at 1,825.26.

Overseas buyers were active in the market Friday and there was selective buying by institutional investors, dealers said. Dealers said investors favored property shares before an impending local land sale.

Average daily volume rose to 1.03 billion Hong Kong dollars, compared with 736 million Hong Kong dollars the previous week.

A speech Monday by Nigel Lawson, the chancellor of the Exchequer, in which he stated that interest rates would remain high and the trade deficit is most likely to remain large, weighed heavily on the market on Tuesday.

Intense activity on the takeover front was enough to support the market, despite the announcement on Wednesday by Hoare Govett of its withdrawal from the government bond market, and one on Friday that Chase Manhattan Equities is getting out of the British equities market-making sector.

Plessey made gains after U.S. authorities announced they would not block a hostile bid launched by GEC and Siemens.

Milan

Milan stocks made progress in a

four-day trading week, as the Comi index finished on Thursday at 598.78 points, against 589.72 the previous Friday.

The MIB index, calculated on a new base, rose one percent for the week, to 1,010. The base of 1,000 was set on Jan. 2.

Volume averaged almost 150 billion lire a day, against 123 billion the previous week. Almost 38 million shares a day changed hands on average, against 32 million.

Benedetti Group issues rose, particularly CIR, up 5.55 percent, and Olivetti, 4.43. Bank stocks were popular, with Comit rising 3.72 percent, Credito Italiano 1.81, and Mediobanca 1.67 percent.

London

Shares gained ground after a poor start, with the Financial Times-Stock Exchange 100-share index closing at 1,811.3 on Friday, 18.2 higher as compared with the previous week.

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Shares gained ground after a poor start, with the Financial Times-Stock Exchange 100-share index closing at 1,811.3 on Friday, 18.2 higher as compared with the previous week.

A speech Monday by Nigel Lawson, the chancellor of the Exchequer, in which he stated that interest rates would remain high and the trade deficit is most likely to remain large, weighed heavily on the market on Tuesday.

Intense activity on the takeover front was enough to support the market, despite the announcement on Wednesday by Hoare Govett of its withdrawal from the government bond market, and one on Friday that Chase Manhattan Equities is getting out of the British equities market-making sector.

Plessey made gains after U.S. authorities announced they would not block a hostile

MONDAY SPORTS

Mid Scandal, Track Impresario Resigns Chairman's Role in Italy

The Associated Press
ROME — Primo Nebiolo, president of track and field's world governing body, has resigned as chairman of Italy's track federation in a series of scandals that prompted criticism of his leadership.

Nebiolo presented his resignation, effective Feb. 8, at a meeting Saturday of the ruling council of F.I.L., Italy's track federation.

"I will treasure the memory of my beautiful days, of projects and great results, dark but not ended by some negative aspects," he told reporters.

Nebiolo, a 66-year-old industrialist, is president of the International Amateur Athletic Federation and has been hailed as the man of track and field for his role in promoting the sport internationally and bringing it to the 1992 Olympic Games.

On Dec. 11, he was re-elected to his second year as head of F.I.L. and calls for his resignation before a long jump competition fixed at the World Track and Field Championships in Rome in 1992.

He was re-elected during an investigation of suspected financial dealings involving F.I.L. officials.

The F.I.L. ruling council said that statement that it unanimously accepted Nebiolo's resignation, and it said was "made to help the problems that have plagued the track."

A leading figure in the case is Luciano Barra, the powerful secretary-general of F.I.L., who resigned last year in the wake of an



Primo Nebiolo

press office of F.I.L., said the ruling council would meet on or before May 7 to choose a new chairman.

Nebiolo was questioned in November by Roman magistrates probing alleged abuses involving a contract signed in 1980 by the Italian track federation and Inpsport, a company given state funds and sponsorship money for promoting track in Italy.

Antonio Vinci, the deputy state prosecutor who questioned Nebiolo, said the F.I.L. chairman was summoned to give testimony as a witness.

The allegations prompted the Italian Olympic committee, or CONI, to threaten to appoint a commissioner to head F.I.L.

A leading figure in the case is Luciano Barra, the powerful secretary-general of F.I.L., who resigned last year in the wake of an

international scandal involving the 1987 World Championships.

An independent panel found that F.I.L. officials had fixed the results of the men's long jump so that Giovanni Evangelista of Italy took the bronze medal. Nebiolo was not named among the conspirators but was criticized for not taking quicker action after reports of the fix.

Investigators probing the latest scandal want to learn if there was any illegal transfer or management of funds given by the Italian Olympic committee and commercial sponsors to promote track in Italy.

Barra signed the original contract with Inpsport and the renewal. Nebiolo was elected head of the international track federation, IAAF, in 1981 largely on support from track federations in Eastern Europe and developing countries.

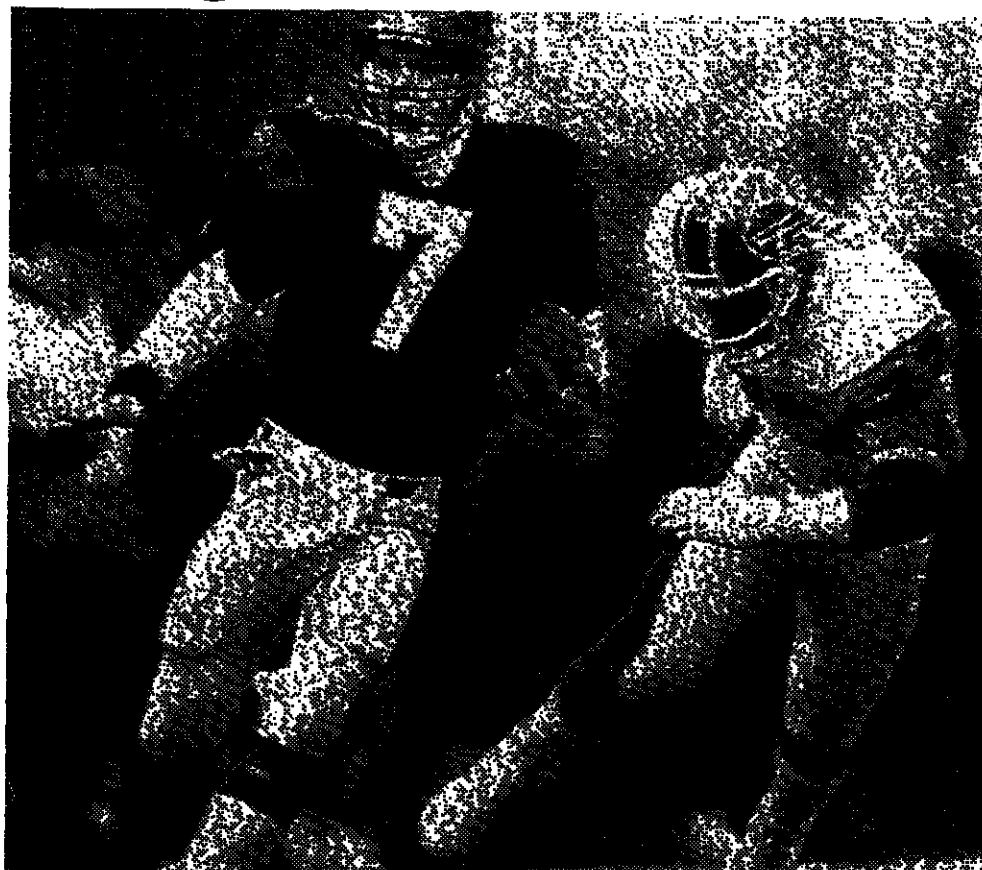
He completed his mandate in 1991 and there have been calls, most notably in Britain, for him not to be re-elected.

It was not clear if his resignation from the Italian federation would affect his chances of re-election to the IAAF.

Nebiolo contends that the allegations of F.I.L. financial wrongdoing are linked to his loss to Arrigo Gattai for the presidency of the Italian Olympic committee in November 1987.

In a statement, F.I.L. said it "expresses complete solidarity with the president and thanks him for his total commitment."

Bengals' Defense Overcomes Buffalo



The Bengals' Boomer Esiason running for 29 yards with Art Still of the Bills in pursuit.

Cincinnati Prevails, 21-10; No-Huddle Offense Dropped

The Associated Press

CINCINNATI — The Cincinnati Bengals won a trip Sunday to the Super Bowl by beating the Buffalo Bills, 21-10, for the American Football Conference championship.

Star rookie running back Ickey Woods of the Bengals ran into the end zone twice and had 102 yards on 29 carries to help lift Cincinnati to its second AFC championship.

The Bengals, losers in the 1982 Super Bowl to San Francisco, will face either the 49ers or Chicago Bears, who were playing a later game on Sunday, for the National Football League title on Jan. 22.

It was a remarkable turnaround for Cincinnati and coach Sam Wyche, who finished with 4 victories and 11 losses a year ago and was criticized for gambling on offense. This year, the Bengals are 14-4, and a gamble was key this victory.

"Especially after last year, to be this victorious is great," said quarterback Boomer Esiason.

Woods scored on a pair of 1-yard runs, while the Bengals' defense outperformed the vaunted Buffalo defense, holding the Bills to minus

12 yards in the third quarter and ending their only real drive of the second half with an interception.

With their no-huddle offense virtually scrapped by rare, game-day NFL ruling, the Bengals went to a no-punt offense in their clinching touchdown drive.

The ruling before the game assured that the Bengals would not use a quick snap to draw a penalty against Buffalo for having too many players on the field. The coach of the Bills, Marv Levy, had complained about such a tactic.

"It bothered us," Wyche said. "It aggravated the situation a little bit, but we kept our poise. The ball club proved one thing, that when things don't go by the script, we can do things a little differently."

The Bengals also benefited from a roughing penalty late in the third quarter against Derrick Burroughs in the end zone for trying to corner back Woods was thrown for a 3-yard loss and gave Cincinnati a first-and-goal at the 4.

Moments before, on fourth-and-4 from the 33, punter Lee Johnson came onto the field. But he was accompanied by backup quarterback Turk Schonert, who first lined up as the blocking back. Schonert then moved behind center and handed to Stanley Wilson for a 6-yard gain.

After Burroughs' penalty, Woods went 3 yards, then scored. "We worked on that one three or four weeks," Wyche said. "We wanted to try it ever since the Dallas game. We finally got it in."

Woods, the NFL leader in rushing touchdowns with 15, also powered in from the 1 for Cincinnati's first score.

A 15-yard roughing penalty on Wilson after the score forced Cincinnati to kick off from its 20. The Bills got the ball at the 44 and Jim Kelly hit Andre Reed for passes of 9 and 19 yards before connecting with Trumaine Johnson for 22 yards to the 9. On the next play, Reed beat Lewis Billups to tie it 13-10 into the second period.

Cincinnati's ground game got untracked late in the first half. The Bengals went 74 yards in 11 plays, gaining 58 on the ground before Esiason lobbed a touchdown pass to James Brooks for a 14-7 lead.

But Esiason, intercepted only 14 times all season, was picked off for the second time in the game. Mark Kelso ran it back to the Cincinnati 29, leading to Scott Norwood's 39-yard field goal with 22 seconds left in the half.

That was it for the Buffalo offense. The Cincinnati defense, sixth in the conference while the Bills were ranked first, grabbed three interceptions and shut down Buffalo's rushing game.

"We rose to the occasion," said Bengals nose tackle Tim Krumpholtz. "We wanted to prove last week was no fluke. They didn't give us too much trouble. We pretty much knew what they were going to do."

The Bills also had poor field position in the third quarter. Twice, John Kidd had to punt from his end zone.

"Our offensive line has controlled the line of scrimmage the last few weeks," Esiason said. "The defense didn't give them a chance to get out of the hole."

Cincinnati did little the first time despite getting the ball at the Buffalo 48. Then, taking over at their 47, the Bengals went backward when Art Still sacked Esiason for a 7-yard loss on first down.

Lee Johnson's line-drive punt rolled deep to a first returner Errol Tucker inexplicably let it bounce. The 58-yard kick made Buffalo ultra-conservative and, three running plays later, Kidd punned 49 yards.

When Ira Hillary ran it back to the Buffalo 39, Cincinnati was on its way to the clincher.

Esiason's 34-yard scramble to the Buffalo 34 sparked Cincinnati's first serious scoring threat. A 13-yard flare pass to Jim Riggs brought the ball to the 9, but a penalty for illegal use of hands brought it back to the 19.

Esiason then had Rodney Holman open at the 2 but threw too late and Nate Odomes tipped it. Linebacker Ray Bentley dove and caught the ball.

The Bills went nowhere and John Kidd's 50-yard punt and a 9-yard return by Ira Hillary gave the Bengals possession at their 48.

Not even a 15-yard face mask penalty on Smith's second sack helped Cincinnati, which once again punted.

This time, Buffalo started at its 9 and had one play, as Kelly threw behind Trumaine Johnson and had it picked off.

After Buffalo tied it 7-7, the Bengals could not move. The Bills took over on their 25 and drove to the Bengal 26. Kelly hit Reed for 13 yards and Pete Metzelaars for 14, but Norwood was wide left on a 43-yard field goal into a swirling wind.

The Bengals consumed 6:08 on the way to their second touchdown, with 2:21 left in the half.

The Bills were stopped with 1:26 remaining in the half as Kelly was sacked by David Grant on third down. Kidd's bouncing punt was bobbled by two Bengals before Ed Brady recovered.

On the next play, Kelso grabbed Esiason's pass and Norwood kicked his 39-yard field goal four plays later.

Yankees Rhubarb Goes to Court

The Associated Press

NEW YORK — The Dave Winfield-George Steinbrenner feud has lasted from a battle of words to a lawsuit.

Winfield, the star outfielder of New York Yankees, sued Steinbrenner, the team's principal owner, Friday, contending that Steinbrenner failed to honor an agreement to pay \$300,000 annually for the 10-year life of Win-

field said in his suit that Steinbrenner owes the David M. Winfield Foundation more than \$1 million. Steinbrenner says the suit is based on "unsubstantiated allegations" and has been making payments, on an escrow account, rather than directly to the foundation.

The lawsuit filed in U.S. District Court in Manhattan, Winfield is \$450,000 that he says Steinbrenner has not paid in quarterly payments since Sept. 1, 1987. Winfield, the lawsuit seeks the \$450,000, for a total of \$1.05 million for the 10-year life of Win-

field's contract as a Yankee player. Winfield is paid nearly \$2 million a year as part of a 10-year contract he signed as a free agent in 1980.

Kenneth E. Warner, Steinbrenner's attorney, said the Yankees will complain in a suit, among other things, of excessive and wasteful insurance travel expenses amounting to more than \$40,000 over a two-year period.

According to the Winfield Foundation, this is the third time the foundation has had to sue Steinbrenner for noncompliance.

"When I have these long layoffs I get in trouble," said Tyson. "After this fight, I'm going to continue fighting every eight weeks or so."

He said he wanted to "tour the whole world, maybe go to Asia" in a series of fights he wants handled by promoter Don King. During an interview, Tyson appeared lighter than he had in recent months.

Tyson, who reportedly had ballooned to almost 260 pounds (118 kilograms) during his layoff, said he sparred Friday for the first time since beginning training shortly before Christmas. The heavyweight champion said he is down to 230 pounds.

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The Associated Press

CHAPEL HILL, North Carolina — A free throw by Roy Marble with 11 seconds left edged Iowa past the University of North Carolina, 98-97, on Saturday.

Jeff Lebo of North Carolina missed a short jumper with 22 seconds left.

TOP-20 BASKETBALL

97-97 tie, and a foul was called after a scramble under the low net. While it appeared that Ed Horton of Iowa was fouled, Marble went to the line and sank the gamewinner for a total of 23 points.

Iowa, which is ranked No. 9 by The Associated Press writers' poll, improved its record to 13 victories and one loss. No. 6 North Carolina fell to 12-2.

North Carolina rallied to a 68-66 lead with 13:41 left. B.J. Armstrong hit two free throws to put Iowa ahead 95-94 with 2:26 left. Rick Fox scored with 1:05 remaining as North Carolina tied it at 97.

Syracuse 90, Seton Hall 66: In Syracuse, New York, No. 2 Syracuse handed No. 10 Seton Hall its first loss of the season. The Orangemen used a pressure defense to quickly gain a 30-15 lead with 7:30

to play in the first half. Forward Derrick Coleman led Syracuse with 21 points. Syracuse improved its record to 14-1, while Seton Hall slipped to 13-1.

Duke 84, Virginia 76: In Charlottesville, Virginia, Christian Laettner had 13 of his 15 points in the second half to lead No. 1 Duke. With 18:31 left and the Cavaliers ahead 43-38, Laettner scored 12 of Duke's next 15 points, putting them ahead to stay. Duke improved to 11-0; Virginia fell to 7-5.

Illinois 71, Michigan State 54: In Champaign, Illinois, Kendall Gill and Nick Anderson scored 21 points each to lead No. 3 Illinois. Illinois remained unbeaten at 13-0; Michigan State fell to 9-3.

Oklahoma 94, North Carolina-Charlotte 86: In Norman, Oklahoma, Andre Wiley scored a career-high 29 points and boosted a late run to hold off North Carolina-Charlotte. Charlotte had pulled to within 78-75 with 5:18 to play before Wiley scored eight of the Sooners' next 10 points. No. 4 Oklahoma lifted its record to 12-1.

Georgetown 112, Miami 77: In Landover, Maryland, Alonzo Mourning scored a season-high 26 points as Georgetown rebounded from its only loss of the season.

No. 5 Georgetown is now 10-1, after falling to Seton Hall last week. Michigan 94, Northwestern 66: In Ann Arbor, Michigan, Glen Rice scored 17 of his 25 points in the first half as No. 7 Michigan prevailed. Northwestern trailed by only 34-28 when Michigan went on a 14-6 run for a 48-34 halftime lead. The Wolverines are 13-1.

Arizona 64, California 55: In Berkeley, California, three consecutive 3-point shots by Sean Elliott in the second half highlighted a 24-point performance as No. 8 Arizona improved to 9-2.

Missouri 84, Colorado 75: In Boulder, Colorado, a 61-58 Colorado lead was erased by a 12-point Missouri run, including six points from freshman Anthony Peeler, as the Tigers took hold of their Big Eight Conference opener. No. 11 Missouri climbed to a 13-3 record.

Louisville 81, DePaul 67: In Louisville, Kentucky, Kenny Payne had eight points as Louisville outscored DePaul 11-0 to take a 78-62 lead with 1:39 left and win its ninth straight. No. 13 Louisville is 9-2.

Ohio State 73, Wisconsin 70: In Columbus, Ohio, Jay Burson scored 21 points, including 12 of Ohio State's final 15 points, as the Buckeyes erased a four-point Wisconsin lead late in the game. No. 14 Ohio State improved to 10-3.

Florida State 104, Southern Mississippi 79: In Tallahassee, Florida, Tharon Mayes had 29 points and sparked a 17-4 run with 11 minutes midway through the first half to put No. 15 Florida State ahead for good. The Seminoles stretched their record to 10-1.

N.C. State 71, Temple 59: In Raleigh, North Carolina, Rodney Monroe scored 27 points for North Carolina State and the defense held down Mark Mason of Temple to a career-low six points. No. 16 N.C. State is 9-1.

NCAA Record: 162-144 Score

The Associated Press

SAN DIEGO — In the highest-scoring basketball game in the history of the National Collegiate Athletic Association, Loyola Marymount beat U.S. International, 162-144, here Saturday.

The 306 points scored in the game broke an NCAA record of 302. The Loyola Marymount Lions also were involved in that game, a 164-138 victory over Azusa Pacific in the season-opener on Nov. 28.

Tennessee 86, Mississippi State 85: In Starkville, Mississippi, Dyrone Nix hit a bank shot with 11 seconds left to give Tennessee its sixth straight victory. Clarence Swearingin led the team with 24 points as No. 17 Tennessee climbed to 10-1.

Kansas 127, Iowa State 82: In Lawrence, Kansas, a school record of 121 game points was broken by Kansas, which was led by Mark Randall's 18 points. No. 18 Kansas is 12-1.

Georgia Tech 84, Wake Forest 75: In Greensboro, North Carolina, Tom Hammonds had 30 points and 10 rebounds as No. 19 Georgia Tech moved to 9-2.

Florida 80, Georgia 66: In Athens, Georgia, Dwayne Schintzius scored 22 points, Livingston Chatman 21 and Clifford Lett hit 20 consecutive free throws in the final minutes as Florida never trailed. Florida raised its record to 6-7, while No. 20 Georgia fell to 9-4.

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FOREBOARD

BASKETBALL

National Basketball Association Standings

EASTERN CONFERENCE

Atlantic Division

W L Pct. GB

1 Boston 21 11 .654

2 New York 19 13 .594

3 Philadelphia 18 14 .563

4 Washington 17 15 .530

5 Detroit 16 16 .500

6 Milwaukee 15 17 .469

7 Cleveland 14 18 .438

8 Chicago 13 19 .406

9 Indiana 12 20 .375

10 Pittsburgh 11 21 .344

11 New Jersey 10 22 .313

12 Atlanta 9 23 .282

13 Charlotte 8 24 .250

14 Orlando 7 25 .219

15 Miami 6 26 .188

16 San Antonio 5 27 .157

17 Houston 4 28 .125

18 Dallas 3 29 .094

19 Memphis 2 30 .063

20 Utah 1 31 .031

21 Los Angeles 0 32 .000

22 Portland 0 32 .000

23 Sacramento 0 32 .000

24 Golden State 0 32 .000

25 Phoenix 0 32 .000

26 New Orleans 0 32 .000

27 San Diego 0 32 .000

28 Kansas City 0 32 .000

29 Denver 0 32 .000

